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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from to

Commission file number: 333-150028

BUNKER HILL MINING CORP.
(Exact Name of Registrant as Specified in its Charter)

NEVADA	**32-0196442**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
82 Richmond Street East Toronto, Ontario, Canada	**M5C 1P1**
(Address of Principal Executive Offices)	(Zip Code)

(416) 477-7771
(Registrant’s Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

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

Indicate by check mark whether the Registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 (“Exchange Act”) 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐
to this Form 10-Q. ☒

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 definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging Growth Company ☐

Indicate by check mark whether the Registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

Number of shares of Common Stock outstanding as of November 4, 2022: 229,501,661

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The condensed interim consolidated financial statements of Bunker Hill Mining Corp., ("Bunker Hill", the "Company", or the "Registrant") a Nevada corporation, included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.") were condensed or omitted pursuant to such rules and regulations, these financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2021, and all amendments thereto.

Bunker Hill Mining Corp.
Condensed Interim Consolidated Balance Sheets
(Expressed in United States Dollars)
Unaudited

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	$ 103,833	$ 486,063
Restricted Cash (note 6)	9,476,000	-
Accounts receivable and prepaid expenses (note 6)	1,208,109	413,443
Short-term deposit (note 3)	1,000,000	68,939
Prepaid mine deposit and acquisition costs (note 5)	-	2,260,463
Prepaid finance costs	-	393,640
Total current assets	11,787,942	3,622,548
Non-current assets		
Spare parts inventory	341,004	-
Equipment (note 3)	593,588	396,894
Right-of-use assets (note 4)	-	52,353
Bunker Hill Mine and mining interests (note 5)	14,805,360	1
Process plant (note 3)	6,058,694	-
Total assets	$ 33,586,588	$ 4,071,796
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable	$ 2,877,593	$ 1,312,062
Accrued liabilities	1,694,461	869,581
EPA water treatment payable (note 6)	3,847,141	5,110,706
Interest payable (notes 6 and 7)	1,156,195	409,242
DSU liability (note 12)	363,648	1,531,409
Promissory notes payable (note 7)	1,500,000	2,500,000
EPA cost recovery payable - short-term (note 6)	-	11,000,000

Current portion of lease liability (note 8)	-	62,277
Total current liabilities	11,439,038	22,795,277
Non-current liabilities		
Series 1 convertible debenture (note 7)	4,892,435	-
Series 2 convertible debenture (note 7)	12,710,097	-
Royalty convertible debenture (note 7)	7,359,776	-
EPA cost recovery liability - long-term, net of discount (note 6)	7,420,024	-
Derivative warrant liability (note 9)	4,500,387	15,518,887
Total liabilities	48,321,757	38,314,164
Shareholders' Deficiency		
Preferred shares, $0.000001 par value, 10,000,000 preferred shares authorized; Nil preferred shares issued and outstanding (note 9)	-	-
Common shares, $0.000001 par value, 1,500,000,000 common shares authorized; 219,649,187 and 164,435,442 common shares issued and outstanding, respectively (note 9)	219	164
Additional paid-in-capital (note 9)	43,894,878	38,248,618
Accumulated other comprehensive income (note 7)	996,636	-
Deficit accumulated during the exploration stage	(59,626,902)	(72,491,150)
Total shareholders' deficiency	(14,735,169)	(34,242,368)
Total shareholders' deficiency and liabilities	$ 33,586,588	$ 4,071,796

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements,

Bunker Hill Mining Corp.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in United States Dollars)
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Operating expenses				
Operation and administration	$ 150,910	$ 221,451	$ 587,514	$ 1,506,859
Exploration	-	1,465,157	-	8,677,194
Mine preparation	2,533,101	-	6,861,403	-
Legal and accounting	210,960	335,431	975,014	872,647
Consulting	929,977	442,906	4,867,553	1,327,774
Loss from operations	(3,824,948)	(2,464,945)	(13,291,484)	(12,384,474)
Other income or gain (expense or loss)				
Change in derivative liability (note 9)	7,315,161	6,460,513	18,538,380	22,172,679
Gain (loss) on foreign exchange	(12,453)	(26,719)	(233,777)	119,655
Gain on fair value of convertible debentures	1,301,069	-	3,041,056	-
Gain on EPA debt extinguishment (note 6)	-	-	8,614,103	-
Interest expense	(1,026,233)	(8,219)	(2,143,840)	(8,219)
Debenture finance costs	(64,054)	-	(1,230,539)	-
Finance costs	-	-	(455,653)	-
Other income	1,811	-	26,002	-
Loss on debt settlement	-	-	-	(56,146)

Net income for the period	$ 3,690,353	$ 3,960,630	$ 12,864,248	$ 9,843,495
Other comprehensive income, net of tax:				
Gain on change in FV on own credit risk	625,050	-	996,636	-
Other comprehensive income	625,050	-	996,636	-
Comprehensive income	$ 4,315,403	$ 3,960,630	$ 13,860,884	$ 9,843,495
Net income per common share – basic	$ 0.02	$ 0.02	$ 0.07	$ 0.06
Net income per common share – fully diluted	$ 0.01	$ 0.02	$ 0.05	$ 0.06
Weighted average common shares – basic	219,466,235	164,179,999	198,364,188	160,690,371
Weighted average common shares – fully diluted	318,204,510	164,329,999	250,681,393	160,840,371

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Bunker Hill Mining Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
Unaudited

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net income (loss) for the period	$ 12,864,248	$ 9,843,495
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	(300,475)	793,357
Depreciation expense	172,259	178,744
Change in derivative liability	(18,538,380)	(22,172,679)
Units issued for services	1,060,858	-
Imputed interest expense on lease liability	1,834	10,632
Interest expense	2,143,840	8,219
Finance costs	264,435	-
Foreign exchange loss (gain)	233,059	-
Foreign exchange loss (gain) on re-translation of lease (Note 8)	718	1,434
Loss on debt settlement	-	56,146
Amortization of EPA discount	631,701	-
Gain on fair value of convertible debt derivatives	(3,041,056)	-
Gain on EPA debt extinguishment	(8,614,103)	-
Changes in operating assets and liabilities:		
Restricted cash	(9,476,000)	-
Accounts receivable	(81,618)	(13,632)
Deposit on plant demobilization	(1,000,000)	-
Prepaid finance costs	393,640	-
Prepaid expenses	(1,064,109)	72,933
Accounts payable	947,699	606,056
Accrued liabilities	526,322	1,243,042
Accrued EPA water treatment	(903,565)	-
EPA cost recovery payable	(2,000,000)	-

Interest payable – EPA	(113,579)	-
Interest payable	(639,402)	-
Net cash used in operating activities	(26,531,674)	(9,372,253)
Investing activities		
Purchase of spare inventory	(341,004)	-
Land purchase	(202,000)	-
Bunker Hill mine purchase	(5,524,322)	-
Mine improvements	(356,149)	-
Purchase of Process plant	(2,815,398)	-
Purchase of machinery and equipment	(316,600)	(94,693)
Net cash used in investing activities	(9,555,473)	(94,693)
Financing activities		
Proceeds from convertible debentures	29,000,000	-
Proceeds from issuance of shares, net of issue costs	7,769,745	6,008,672
Proceeds from promissory note	-	2,500,000
Repayment of promissory note	(1,000,000)	-
Lease payments	(64,828)	(97,138)
Net cash provided by financing activities	35,704,917	8,411,534
Net change in cash	(382,230)	(1,055,412)
Cash, beginning of period	486,063	3,568,661
Cash, end of period	$ 103,833	$ 2,513,249
Supplemental disclosures		
Non-cash activities		
Units issued to settle accounts payable and accrued liabilities	$ 228,421	$ 188,607
Units issued to settle interest payable	643,906	-
Mill purchase for shares and warrants	3,243,296	-
Units issued to settle DSU/RSU/Bonuses	872,399	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Bunker Hill Mining Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in United States Dollars)
Unaudited

	Common stock		Additional paid-in-	Stock subscriptions	Accumulated other comprehensive	Accumulated	
	Shares	**Amount**	**capital**	**payable**	**loss**	**deficit**	**Total**
Balance, December 31, 2021	**164,435,442**	**$ 164**	**$ 38,248,618**	**$ -**	**$ -**	**$ (72,491,150)**	**$ (34,242,368)**
Stock-based compensation	-	-	145,186	-	-	-	145,186

Stock subscription payable	-	-	-	1,775,790	-	-	1,775,790
Net loss for the period	-	-	-	-	-	(2,880,886)	(2,880,886)
Balance, March 31, 2022	**164,435,442**	**$ 164**	**$ 38,393,804**	**$ 1,775,790**	**$ -**	**$ (75,372,036)**	**$ (35,202,278)**
Stock-based compensation	-	-	15,922	-	-	-	15,922
Compensation options	-	-	264,435	-	-	-	264,435
Shares issued for interest payable	1,315,857	1	269,749	-	-	-	269,750
Shares issued for RSUs vested	933,750	1	(1)	-	-	-	-
Non brokered shares issued for C$0.30	1,471,664	1	352,854	-	-	-	352,855
Special warrant shares issued for C$0.30	37,849,325	38	9,083,719	(1,775,790)	-	-	7,307,967
Contractor shares issued for C$0.30	1,218,000	1	289,999	-	-	-	290,000
Shares issued for Process plant purchase	10,416,667	10	1,970,254	-	-	-	1,970,264
Issue costs	-	-	(896,009)	-	-	-	(896,009)
Warrant valuation	-	-	(6,246,848)	-	-	-	(6,246,848)
Gain on fair value from change in credit risk	-	-	-	-	371,586	-	371,586
Net income for the period	-	-	-	-	-	12,054,781	12,054,781
Balance, June 30, 2022	**217,640,705**	**$ 216**	**$ 43,497,878**	**$ -**	**$ 371,586**	**$ (63,317,255)**	**$ (19,447,575)**
Stock-based compensation	-	-	27,369	-	-	-	27,369
Shares issued for RSUs vested	33,000	1	(1)	-	-	-	-
Issue costs	-	-	(4,522)	-	-	-	(4,522)
Shares issued for interest payable	1,975,482	2	374,154	-	-	-	374,156
Gain on fair value from change in credit risk	-	-	-	-	625,050	-	625,050

Net income for the period	-	-	-	-	-	3,690,353	3,690,353
Balance, September 30, 2022	**219,649,187**	**$ 219**	**$ 43,894,878**	**$ -**	**$ 996,636**	**$ (59,626,902)**	**$ (14,735,169)**
Balance, December 31, 2020	**143,117,068**	**$ 143**	**$ 34,551,133**	**$ -**	**$ -**	**$ (66,088,873)**	**$ (31,537,597)**
Stock-based compensation	-	-	620,063	-	-	-	620,063
Shares issued at C $0.40 per share	19,576,360	20	6,168,049	-	-	-	6,168,069
Shares issued for debt settlement at C$0.58	417,720	-	188,145	-	-	-	188,145
Shares issued for RSUs vested	437,332	-	-	-	-	-	-
Issue costs	-	-	(159,397)	-	-	-	(159,397)
Warrant valuation	-	-	(3,813,103)	-	-	-	(3,813,103)
Net income for the period	-	-	-	-	-	5,837,809	5,837,809
Balance, March 31, 2021	**163,548,480**	**$ 163**	**$ 37,554,890**	**$ -**	**$ -**	**$ (60,251,064)**	**$ (22,696,011)**
Stock-based compensation	-	-	280,720	-	-	-	280,720
Shares issued for RSUs vested	233,057	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	45,056	45,056
Balance, June 30, 2021	**163,781,537**	**$ 163**	**$ 37,835,610**	**$ -**	**$ -**	**$ (60,206,008)**	**$ (22,370,235)**
Stock-based compensation	-	-	323,538	-	-	-	323,538
Shares issued for RSUs vested	653,905	1	(1)	-	-	-	-
Net income for the period	-	-	-	-	-	3,960,630	3,960,630
Balance, September 30, 2021	**164,435,442**	**$ 164**	**$ 38,159,147**	**$ -**	**$ -**	**$ (56,245,378)**	**$ (18,086,067)**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature and Continuance of Operations and Going Concern

Bunker Hill Mining Corp. (the "Company") was incorporated under the laws of the state of Nevada, U.S.A. on February 20, 2007, under the name Lincoln Mining Corp. Pursuant to a Certificate of Amendment dated February 11, 2010, the Company changed its name to Liberty Silver Corp., and on September 29, 2017, the Company changed its name to Bunker Hill Mining Corp. The Company's registered office is located at 1802 N. Carson Street, Suite 212, Carson City, Nevada 89701, and its head office is located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. As of the date of this Form 10-Q, the Company had one subsidiary, Silver Valley Metals Corp. ("Silver Valley", formerly American Zinc Corp.), an Idaho corporation created to facilitate the work being conducted at the Bunker Hill Mine in Kellogg, Idaho.

The Company was incorporated for the purpose of engaging in mineral exploration activities. It continues to work at developing its project with a view towards putting it into production.

Going Concern:

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis. The Company has incurred losses since inception resulting in an accumulated deficit of $59,626,902 and further losses are anticipated in the development of its business. Additionally, the Company owes a total of $3,847,141 to the Environmental Protection Agency ("EPA") (see Note 6) for water treatment that is classified as current. The Company also owes a total of $7,420,024, net of discount, to the EPA that is classified as long-term debt. The Company does not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and/or raising additional funds. In order to continue to meet its fiscal obligations in the current fiscal year and beyond, the Company must seek additional financing. This raises substantial doubt about the Company's ability to continue as a going concern. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The accompanying unaudited condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management is considering various financing alternatives including, but not limited to, raising capital through the capital markets, debt, and closing on the multi-metals stream transaction (see note 7). These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

COVID-19:

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of epidemics, pandemics, or other health crises, including the recent outbreak of respiratory illness caused by the novel coronavirus ("COVID-19"). Although the pandemic has subsided significantly, the Company cannot accurately predict the impact a COVID-19 resurgence would have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The Russia/Ukraine Crisis:

The Company's operations could be adversely affected by the effects of the Russia/Ukraine crisis and the effects of sanctions imposed against Russia or that country's retributions against those sanctions, embargos or further-reaching impacts upon energy prices, food prices and market disruptions. The Company cannot accurately predict the impact the crisis will have on its operations and the ability of contractors to meet their obligations with the Company, including uncertainties relating the severity of its effects, the duration of the conflict, and the length and magnitude of energy bans, embargos and restrictions imposed by governments. In addition, the crisis could adversely affect the economies and financial markets of the United States in general, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. Additionally, the Company cannot predict changes in precious metals pricing or changes in commodities pricing which may alternately affect the Company either positively or negatively.

2. Basis of Presentation

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, shareholders' deficiency, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, which contains the annual audited consolidated financial statements and notes thereto, together with the Management's Discussion and Analysis, for the year ended December 31, 2021. The financial results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results for the full fiscal year. The unaudited interim condensed consolidated financial statements are presented in United States dollars, which is the Company's functional currency.

3. Plant & Equipment

Equipment consists of the following:

	September 30, 2022	December 31, 2021
Equipment	$ 920,571	$ 603,972
	920,571	603,972
Less accumulated depreciation	(326,983)	(207,078)
Equipment, net	$ 593,588	$ 396,894

The total depreciation expense for equipment during the three and nine months ended September 30, 2022 was $42,814 and $119,905, respectively. Compared to the three and nine months ended September 30, 2021 was $34,565 and $98,961, respectively. See Note 4 for additional depreciation on the right-of-use asset.

Process Plant Purchase from Teck Resources Limited

On May 13, 2022, the Company completed purchase of a comprehensive package of equipment and parts inventory from Teck Resources Limited ("Teck"). The package comprises substantially all processing equipment of value located at the Pend Oreille mine site, including complete crushing, grinding and flotation circuits suitable for a planned ~1,500 ton-per-day operation at the Bunker Hill site, and total inventory of nearly 10,000 components and parts for mill, assay lab, conveyer, field instruments, and electrical spares.

(Expressed in United States Dollars)

- The purchase of the mill has been valued at:

  - Cash consideration given, comprised of $500,000 nonrefundable deposit remitted on January 7, 2022 and $231,000 sales tax remitted on May 13, 2022, a total of $731,000 cash remitted.
  - Value of common shares issued on May 13, 2022 at the market price of that day, a value of $1,970,264.
  - Fair value of the warrants issued together with the inputs, as determined by a binomial model, resulted in a fair value of $1,273,032. See note 9.
  - As a result, the total value of the mill purchase was determined to be $3,974,296.

The process plant was purchased in an assembled state in the seller's location, and included major processing systems, significant components, and a large inventory of spare parts. The Company has disassembled and transported it to the Bunker Hill site, and will be reassembling it as an integral part of the Company's future operations. The Company determined that the transaction should be accounted for as an asset acquisition, with the process plant representing a single asset, with the exception of the inventory of spare parts, which has been separated out and appears on the balance sheet as a current asset in accordance with a preliminary purchase price allocation. As the plant is demobilized, transported and reassembled, installation and other costs associated with these activities will be captured and capitalized as components of the asset.

At September 30, 2022, the asset consists of the following:

		September 30, 2022
Deposit paid	$	500,000
Sales tax paid		231,000
Value of shares issued		1,970,264
Value of warrants issued		1,273,032
Total plant & inventory purchased		3,974,296
Site preparation costs		619,172
Demobilization		1,806,229
Less spare parts inventory		(341,003)
Pend Oreille plant asset, net	$	6,058,694

Additionally, at September 30, 2022, the Company has paid a refundable deposit of $1,000,000 to Teck as security while demobilization activities are ongoing. This is classified as a short-term deposit on the balance sheet.

Ball Mill upgrade

On August 30, 2022, the Company entered into an agreement to purchase a ball mill from D'Angelo International LLC for $675,000. The purchase of the mill is to be made in three cash payments:

(Expressed in United States Dollars)

$100,000 by September 15, 2022 as a non-refundable deposit (paid)
$100,000 by October 15, 2022 (paid)
$475,000 by December 15, 2022

At September 30, 2022, the Company paid $100,000 towards the purchase as a non-refundable deposit.

4. Right-of-Use Asset

Right-of-use asset consists of the following:

	September 30, 2022	December 31, 2021
Office lease	$ 319,133	319,133
Less accumulated depreciation	(319,133)	(266,780)
Right-of-use asset, net	$ -	$ 52,353

The total depreciation expense for the right-of-use asset during the three and nine months ended September 30, 2022 was $nil and $52,353, respectively. Compared to the three and nine months ended September 30, 2021 was $26,594 and $79,783, respectively.

5. Mining Interests

Bunker Hill Mine Complex

The Company purchased the Bunker Hill Mine (the "Mine") in January 2022, as described below.

Prior to purchasing the Mine, the Company had entered into a series of agreements with Placer Mining Corporation ("Placer Mining"), the prior owner, for the lease and option to purchase the Mine. The first of these agreements was announced on August 28, 2017, with subsequent amendments and/or extensions announced on November 1, 2019, July 7, 2020, and November 20, 2020.

Under the terms of the November 20, 2020 amended agreement (the "Amended Agreement"), a purchase price of $7,700,000 was agreed, with $5,700,000 payable in cash (with an aggregate of $300,000 to be credited toward the purchase price of the Mine as having been previously paid by the Company) and $2,000,000 in Common Shares of the Company. The Company agreed to make an advance payment of $2,000,000, credited towards the purchase price of the Mine, which had the effect of decreasing the remaining amount payable to purchase the Mine to an aggregate of $3,400,000 payable in cash and $2,000,000 in Common Shares of the Company.

The Amended Agreement also required payments pursuant to an agreement with the EPA whereby for so long as the Company leases, owns and/or occupies the Mine, the Company would make payments to the EPA on behalf of Placer Mining in satisfaction of the EPA's claim for historical water treatment cost recovery in accordance with the Settlement Agreement reached with the EPA in 2018. Immediately prior to the purchase of the Mine, the Company's liability to EPA in this regard totaled $11,000,000. (See also Note 6 Environmental Protection Agency Agreement and Water Treatment Liabilities).

(Expressed in United States Dollars)

The Company completed the purchase of the Mine on January 7, 2022. The terms of the purchase price were modified to $5,400,000 in cash, from $3,400,000 of cash and $2,000,000 of Common Shares. Concurrent with the purchase of the Mine, the Company assumed incremental liabilities of $8,000,000 to the EPA, consistent with the terms of the amended Settlement Agreement with the EPA that was executed in December 2021 (see "EPA Settlement Agreement" section below).

The $5,400,000 contract cash paid at purchase was the $7,700,000 less the $2,000,000 deposit and $300,000 credit given by the seller for prior years' maintenance payments. The carrying cost of the Mine is comprised of the following:

		January 7, 2022
Contract purchase price	$	7,700,000
Less: Credit by seller for prior maintenance payments		(300,000)
Net present value of water treatment cost recovery liability assumed		6,402,425
Closing costs capitalized		2,638
Mine acquisition costs - legal		442,147
Total carrying cost of mine	$	14,247,210

Management has determined the purchase to be an acquisition of a single asset as guided by ASU 805-10. During the three and nine months ended September 30, 2022, the Company has spent an additional $356,149 and $356,149, respectively, in mine improvements.

Land Purchase

On March 3, 2022, the Company purchased a 225-acre surface land parcel for $202,000 which includes the surface rights to portions of 24 patented mining claims, for which the Company already owns the mineral rights.

6. Environmental Protection Agency Agreement and Water Treatment Liabilities

Historical Cost Recovery Payables

As a part of the lease of the Mine, the Company was required to make payments pursuant to an agreement with the Environmental Protection Agency (the "EPA") whereby for so long as the Company leases, owns and/or occupies the Mine, the Company was required to make payments to the EPA on behalf of Placer Mining in satisfaction of the EPA's claim for cost recovery related to historical treatment costs paid by the EPA from 1995 to 2017. These payments, if all are made, will total $20,000,000. The agreement called for payments starting with $1,000,000 30 days after a fully ratified agreement was signed (which payment was made) followed by $2,000,000 on November 1, 2018, and $3,000,000 on each of the next five anniversaries with a final $2,000,000 payment on November 1, 2024. The November 1, 2018, November 1, 2019, November 1, 2020, and November 1, 2021, payments were not made. As a result, a total of $11,000,000 was outstanding as of December 31, 2021, accounted for within current liabilities. As the purchase of the Bunker Hill Mine (which would trigger the immediate recognition of the remaining liabilities due through November 1, 2024) had not yet taken place, the remaining $8,000,000 cost recovery liabilities were not recognized on the Company's balance sheet as of December 31, 2021.

Through 2021, the Company engaged in discussions with the EPA to reschedule these payments in ways that enable the sustainable operation of the Mine as a viable long-term business.

Effective December 19, 2021, the Company entered into an amended Settlement Agreement between the Company, Idaho Department of Environmental Quality, US Department of Justice, and the EPA (the "Amended Settlement"). Upon the effectivity of the Amended Settlement, the Company would become fully compliant with its payment obligations to these parties. The Amended Settlement modified the payment schedule and payment terms for recovery of the aforementioned historical environmental response costs. Pursuant to the terms of the Amended Settlement, upon purchase of the Bunker Hill Mine and the satisfaction of financial assurance commitments (as described below), the $19,000,000 of cost recovery liabilities will be paid by the Company to the EPA on the following dates:

Date	Amount	
Within 30 days of Settlement Agreement	$	2,000,000
November 1, 2024	$	3,000,000
November 1, 2025	$	3,000,000
November 1, 2026	$	3,000,000
November 1, 2027	$	3,000,000
November 1, 2028	$	3,000,000
November 1, 2029	$	2,000,000 plus accrued interest

In addition to the changes in payment terms and schedule, the Amended Settlement included a commitment by the Company to secure $17,000,000 of financial assurance in the form of performance bonds or letters of credit deemed acceptable to the EPA within 180 days from the effective date of the Amended Settlement Agreement. Once put in place, the financial assurance can be drawn on by the EPA in the event of non-performance by the Company of its payment obligations under the Amended Settlement (the "Financial Assurance"). The amount of the bonds will decrease over time as individual payments are made.

The Company completed the purchase of the Mine (see note 5) and made the initial $2,000,000 cost recovery payment on January 7, 2022. Concurrent with the purchase of the Mine, the Company assumed the balance of the EPA liability totaling $17,000,000, an increase of $8,000,000.

As of March 31, 2022, the financial assurance had not yet been secured, and as such the Company accounted for the $17,000,000 liabilities according to the previous payment schedule, resulting in $12,000,000 classified as a current liability and $5,000,000 as a long-term liability. The long-term portion was discounted at an interest rate of 16.5% to arrive at a net present value of $3,402,425 after discount.

During the quarter ended June 30, 2022, the Company was successful in obtaining the final financial assurance. Specifically, a $9,999,000 payment bond and a $7,001,000 letter of credit were secured and provided to the EPA. This milestone provides for the Company to recognize the effects of the change in terms of the EPA liability as outlined in the December 19, 2021 agreement. Once the financial assurance was put into place, the restructuring of the payment stream under the Amendment occurred with the entire $17,000,000 liability being recognized as long-term in nature. The aforementioned payment bond is secured by a $2,475,000 letter of credit. The $2,475,000 and $7,001,000 letters of credit are secured by $9,476,000 of cash deposits under an agreement with a commercial bank. These cash deposits comprise the $9,476,000 of restricted cash shown within current assets as of September 30, 2022.

Under ASC 470-50, Debt Modifications and Extinguishments, the Company performed a comparison of NPV's of the pre-settlement Cost Recovery obligation to the post-settlement schedule of Cost Recovery obligation to determine this was an extinguishment of debt. The Company recorded a gain on extinguishment of debt totaling $8,614,103. The old debt, including any discount, was written off and the new payment stream of the amended $17,000,000 table, including the new discount of $9,927,590, using the effective interest rate of 19.95%, was recorded to result in a net liability of $7,072,410, which is due long-term. During the three and nine months ended September 30, 2022, the Company recorded combined discount amortization expense of $347,614 and $631,701 on the discounted pre- and post-extinguishment liability, respectively, bringing the net liability to $7,420,024 as of September 30, 2022. As at September 30, 2022 interest of $192,923 ($306,501 at December 31, 2021) is included in interest payable on the condensed consolidated balance sheet.

Bunker Hill Mining Corp.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
Three and Nine Months Ended September 30, 2022
(Expressed in United States Dollars)

Water Treatment Charges – EPA

Separate to the cost recovery liabilities outlined above, the Company is responsible for the payment of ongoing water treatment charges. Water treatment charges incurred through December 31, 2021 are payable to the EPA, and charges thereafter are payable to the Idaho Department of Environmental Quality ("IDEQ") given a handover of responsibilities for the Central Treatment Plant from the EPA to the IDEQ as of that date. The Company previously estimated a balance due to the EPA of $5,110,706 for ongoing water treatment through December 31, 2021. During the six months ended June 30, 2022, the Company received an invoice from the EPA for water treatment through October 2021. As a result, the Company reversed its previous accruals for this period and adjusted its estimated charges for November and December 2021. Through recent discussions with the EPA, the Company has confirmed that payments to the IDEQ for water treatment charges cannot be netted against invoices payable to the EPA. After taking this into account, the additional invoice received from the EPA, and a $1,000,000 payment made in April 2022, the Company has estimated water treatment payables to the EPA of $3,847,141 as of September 30, 2022 and $5,110,706 at December 31, 2021, which is reflected in current liabilities.

Water Treatment Charges – IDEQ

For water treatment charges beginning January 2022, the Company makes a monthly accrual of $80,000 to cover the IDEQ's estimated costs of treating water at the water treatment facility. The Company also pays an agreed-upon monthly amount of $140,000, with a true-up to be recorded and credited to or paid by the Company once the actual annual costs are determined each year. At September 30, 2022, the Company has accrued $720,000 for water treatment costs to IDEQ and has prepaid $1,260,000, leaving a net prepaid of $540,000 ($nil at December 31, 2021) which is included in prepaid expenses on the unaudited condensed interim consolidated balance sheet.

7. Promissory Note Payable and Convertible Debentures

On September 22, 2021, the Company issued a non-convertible promissory note in the amount of $2,500,000 bearing interest of 15% per annum and payable at maturity. The promissory note was scheduled to mature on March 15, 2022; however, the note holder agreed to accept $500,000 payment, which the Company paid, by April 15, 2022, and the remaining principal and interest was deferred to June 20, 2022. Prior to the revised maturity of June 20, 2022, the note holder agreed to accept a further $500,000 payment by June 30, 2022, which the Company paid, and the remaining principal and interest was deferred to November 30, 2022. The Company purchased a land parcel for approximately $202,000 on March 3, 2022, which may be used as security for the promissory note. At September 30, 2022, the Company owes $1,500,000 in promissory notes payable, which is included in current liabilities on the condensed consolidated balance sheet. Interest expense for the three and nine months ended September 30, 2022 was $56,712 and $224,589, respectively. For the three and nine months ended September 30, 2021, interest expense was $8,219 and $8,219, respectively. At September 30, 2022 interest of $327,329 ($102,740 at December 31, 2021) is included in interest payable on the condensed consolidated balance sheet.

Project Finance Package with Sprott Private Resource Streaming & Royalty Corp.

On December 20, 2021, the Company executed a non-binding term sheet outlining a $50,000,000 project finance package with Sprott Private Resource Streaming and Royalty Corp. ("SRSR").

The non-binding term sheet with SRSR outlined a $50,000,000 project financing package that the Company expects to fulfill the majority of its funding requirements to restart the Mine. The term sheet consisted of an $8,000,000 royalty convertible debenture (the “RCD”), a $5,000,000 convertible debenture (the “CD1”), and a multi-metals stream of up to $37,000,000 (the “Stream”). The CD1 was subsequently increased to $6,000,000, increasing the project financing package to $51,000,000.

On June 17, 2022, the Company consummated a new $15,000,000 convertible debenture (the “CD2”). As a result, total potential funding from SRSR was further increased to $66,000,000 including the RCD, CD1, CD2 and the Stream (together, the “Project Financing Package”).

$8,000,000 Royalty Convertible Debenture (RCD)

The Company closed the $8,000,000 RCD on January 7, 2022. The RCD bears interest at an annual rate of 9.0%, payable in cash or Common Shares at the Company’s option, until such time that SRSR elects to convert a royalty, with such conversion option expiring at the earlier of advancement of the Stream or July 7, 2023 (subsequently amended as described below). In the event of conversion, the RCD will cease to exist and the Company will grant a royalty for 1.85% of life-of-mine gross revenue from mining claims considered to be historically worked, contiguous to current accessible underground development, and covered by the Company’s 2021 ground geophysical survey (the “SRSR Royalty”). A 1.35% rate will apply to claims outside of these areas. The RCD was initially secured by a share pledge of the Company’s operating subsidiary, Silver Valley, until a full security package was put in place concurrent with the consummation of the CD1. In the event of non-conversion, the principal of the RCD will be repayable in cash.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed to a number of amendments to the terms of the RCD, including an amendment of the maturity date from July 7, 2023 to March 31, 2025. The parties also agreed to enter into a Royalty Put Option such that in the event the RCD is converted into a royalty as described above, the holder of the royalty will be entitled to resell the royalty to the Company for $8,000,000 upon default under the CD1 or CD2 until such time that the CD1 and CD2 are paid in full. The Company determined that the amendments in the terms of the RCD should not be treated as an extinguishment of the RCD, and have therefore been accounted for as a modification as a result of the treatment the Company reported a gain of $607,261 in the statement of operations for the period ended September 30, 2022.

$6,000,000 Series 1 Convertible Debenture (CD1))

The Company closed the $6,000,000 CD1 on January 28, 2022, which was increased from the previously-announced $5,000,000. The CD1 bears interest at an annual rate of 7.5%, payable in cash or shares at the Company’s option, and matures on July 7, 2023 (subsequently amended, as described below). The CD1 is secured by a pledge of the Company’s properties and assets. Until the closing of the Stream, the CD1 was to be convertible into Common Shares at a price of C$0.30 per Common Share, subject to stock exchange approval (subsequently amended, as described below). Alternatively, SRSR may elect to retire the CD1 with the cash proceeds from the Stream. The Company may elect to repay the CD1 early; if SRSR elects not to exercise its conversion option at such time, a minimum of 12 months of interest would apply.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed to a number of amendments to the terms of the CD1, including that the maturity date would be amended from July 7, 2023 to March 31, 2025, and that the CD1 would remain outstanding until the new maturity date regardless of whether the Stream is advanced, unless the Company elects to exercise its option of early repayment. The Company determined that the amendments in the terms of the RCD should not be treated as an extinguishment of the CD1, and have therefore been accounted for as a modification as a result of the treatment the Company reported a gain of $179,046 in the statement of operations for the period ended September 30, 2022

(Expressed in United States Dollars)

$15,000,000 Series 2 Convertible Debenture (CD2)

The Company closed the $15,000,000 CD2 on June 17, 2022. The CD2 bears interest at an annual rate of 10.5%, payable in cash or shares at the Company's option, and matures on March 31, 2025. The CD2 is secured by a pledge of the Company's properties and assets. The repayment terms include 3 quarterly payments of $2,000,000 each beginning June 30, 2024 and $9,000,000 on the maturity date.

In light of the Series 2 Convertible Debenture financing, the previously permitted additional senior secured indebtedness of up to $15 million for project finance has been removed.

The Company determined that in accordance with ASC 815, each debenture will be valued and carried as a single instrument, with the periodic changes to fair value accounted through earnings, profit and loss.

Consistent with the approach above, the following table summarizes the key valuation inputs as at applicable valuation dates:

Reference (2)(4) (5)	Valuation date	Maturity date	Contractual Interest rate	Stock price (US$)	Expected equity volatility	Credit spread	Risk-free rate	Risk-adjusted rate
CD1 note (1)(3)	01-28-22	07-07-23	7.50%	0.230	120%	8.70%	0.92%	16.18%
RCD note (stream not advanced scenario)	01-07-22	07-07-23	9.00%	0.242	130%	9.21%	0.65%	16.39%
RCD note (stream advanced) scenario	01-07-22	06-30-22	9.00%	0.242	130%	9.16%	0.23%	15.96%
CD1 note (1)(3)	03-31-22	07-07-23	7.50%	0.235	120%	8.85%	1.80%	17.12%
RCD note (stream not advanced scenario)	03-31-22	07-07-23	9.00%	0.235	120%	8.85%	1.80%	17.12%
RCD note (stream advanced) scenario	03-31-22	06-30-22	9.00%	0.235	120%	8.78%	0.52%	15.88%
CD2 note	06-17-22	03-31-25	10.50%	0.222	120%	9.45%	3.28%	20.95%
CD2 note	06-30-22	03-31-25	10.50%	0.225	120%	10.71%	2.95%	21.78%
CD1 note	06-30-22	03-31-25	7.50%	0.233	120%	10.71%	2.95%	19.89%
RCD note (stream not advanced scenario)	06-30-22	03-31-25	9.00%		120%	10.71%	2.95%	19.89%
RCD note (stream advanced) scenario	06-30-22	09-30-22	9.00%		120%	10.85%	1.72%	18.89%
CD1 note	09-30-22	03-31-25	7.50%	0.085	120%	13.31%	4.19%	23.35%
RCD note (stream not advanced)	09-30-22	03-31-25	9.00%	0.085	120%	13.31%	4.19%	23.35%
RCD note (stream advanced)	09-30-22	11-30-22	9.00%	0.085	120%	13.85%	3.04%	22.79%
CD2 note	09-30-22	03-31-25	10.50%	0.085	120%	13.31%	4.19%	25.21%

(1) The CD's carries a Discount for Lack of Marketability ("DLOM") of 5.0%.

(Expressed in United States Dollars)

(2) CD1 and RCD carry an instrument-specific spread of 7.23%, CD2 carries an instrument-specific spread of 9.32%
(3) The conversion price of the CD1 is $0.219 and CD2 is $0.212
(4) A project risk rate of 13.0% was used for all scenarios of the RCD fair value computations
(5) The probabilities for the stream being advanced and the stream not being advanced is 59% and 41%, respectively.

The resulting fair values of the CD1, RCD, and CD2 at the issuance dates, June 30, 2022, and as of September 30, 2022 were as follows:

Instrument Description	**Issuance date CD1 and RCD**	**Issuance date CD2**	**March 31, 2022**	**June 30, 2022**	**September 30, 2022**
CD1	$ 6,320,807	$ -	$ 6,303,567	$ 5,633,253	$ 4,892,435
RCD	7,679,193	-	7,886,743	7,078,596	7,359,776
CD2	-	15,000,000	-	14,176,578	12,710,097
Total	$ 14,000,000	$ 15,000,000	$ 14,190,310	$ 26,888,427	$ 24,962,308

The total gain on fair value of debentures recognized during the three and nine months ended September 30, 2022 was $1,301,069 and $3,041,056, respectively. The portion of changes in fair value that is attributable to changes in the Company's credit risk is accounted for within other comprehensive income. During the three and nine months ended September, 2022, the Company recognized $625,050 and $996,636, respectively, within other comprehensive income.

The Company performs quarterly testing of the covenants in the RCD, CD1 and CD2, and was in compliance with all such covenants as of September 30, 2022.

The Stream

A minimum of $27,000,000 and a maximum of $37,000,000 (the "Stream Amount") will be made available under the Stream, at the Company's option, once the conditions of availability of the Stream have been satisfied, including confirmation of full project funding by an independent engineer appointed by SRSR. If the Company draws the maximum funding of $37,000,000, the Stream would apply to 10% of payable metals sold until a minimum quantity of metal is delivered consisting of, individually, 55 million pounds of zinc, 35 million pounds of lead, and 1 million ounces of silver (subsequently amended, as described below). Thereafter, the Stream would apply to 2% of payable metals sold. If the Company elects to draw less than $37,000,000 under the Stream, the percentage and quantities of payable metals streamed will adjust pro-rata. The delivery price of streamed metals will be 20% of the applicable spot price. The Company may buy back 50% of the Stream Amount at a 1.40x multiple of the Stream Amount between the second and third anniversary of the date of funding, and at a 1.65x multiple of the Stream Amount between the third and fourth anniversary of the date of funding. As of September 30, 2022, the Stream had not been advanced.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed that the minimum quantity of metal delivered under the Stream, if advanced, will increase by 10% relative to the amounts noted above.

8. Lease Liability

(Expressed in United States Dollars)

The Company had an operating lease for office space that expired in May 2022. Below is a summary of the Company's lease liability as of September 30, 2022:

		Office lease
Balance, December 31, 2020	$	176,607
Addition		-
Interest expense		12,696
Lease payments		(129,191)
Foreign exchange loss		2,165
Balance, December 31, 2021		62,277
Addition		-
Interest expense		1,834
Lease payments		(64,828)
Foreign exchange loss		717
Balance, September 30, 2022	$	-

9. Capital Stock, Warrants and Stock Options

Authorized

The total authorized capital is as follows:

- An increase to 1,500,000,000 common shares, as approved in the July 29, 2022 annual meeting of shareholders, with a par value of $0.000001 per common share; and
- 10,000,000 preferred shares with a par value of $0.000001 per preferred share

Issued and outstanding

In February 2021, the Company closed a non-brokered private placement of units of the Company (the "February 2021 Offering"), issuing 19,576,360 units of the Company ("February 2021 Units") at C$0.40 per February 2021 Unit for gross proceeds of $6,168,069 (C$7,830,544). Each February 2021 Unit consisted of one common share of the Company and one common share purchase warrant of the Company (each, "February 2021 Warrant"), which entitles the holder to acquire a common share of the Company at C$0.60 per common share for a period of five years. In connection with the February 2021 Offering, the Company incurred share issuance costs of $154,630 and issued 351,000 compensation options (the "February 2021 Compensation Options"). Each February 2021 Compensation Option is exercisable into one February 2021 Unit at an exercise price of C$0.40 for a period of three years.

The Company also issued 417,720 February 2021 Units to settle $132,000 of accrued liabilities at a deemed price of $0.45 based on the fair value of the units issued. As a result, the Company recorded a loss on debt settlement of $56,146.

In April 2022, the Company closed a private placement of 37,849,325 Special Warrants and a non-brokered private placement of 1,471,664 units of the Company for aggregate gross proceeds of approximately $9,384,622 (C$11,796,297). Related parties, including management, directors, and consultants, participated in the Special Warrant private placement for a total of 4,809,160 shares (included in the total above).

The Special Warrants were issued at a price of C$0.30 per special warrant. Each Special Warrant shall be automatically exercisable (without payment of any further consideration and subject to customary anti-dilution adjustments) into one unit of the Company (a "Brokered Unit") on the date that is the earlier of: (i) the date that is three (3) business days following the date on which the Company has obtained both (A) a receipt from the Canadian security commission in each of the each of the provinces of Canada which the purchasers and Agents (as defined herein) are residents where the Special Warrants are sold (the "Qualifying Jurisdictions") for a (final) short-form prospectus qualifying the distribution of the common stock of the Company ("Common Shares") and common stock purchase warrants of the Company (the "Warrants") issuable upon exercise of the Special Warrants (the "Qualification Prospectus"); and (B) notification that the registration statement, under U.S. securities laws, of the Company filed with the United States Securities and Exchange Commission (the "SEC") has been declared effective by the SEC (the "Registration Statement"); and (ii) the date that is six months following April 1, 2022 (the "Closing Date"). Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share for C$0.37 until April 1, 2025. The warrants shall also be exercisable on a cashless basis in the event the Registration Statement has not been made effective by the SEC prior to the date of exercise.

On May 31, 2022, the Company announced that it had received a receipt from the Ontario Securities Commission for its final short-form Canadian prospectus qualifying the distribution of the common stock of the Company and common stock purchase warrants of the Company issuable upon exercise of the special warrants of the Company that were issued on April 1, 2022. The Company also announced that it received notice from the United States Securities and Exchange Commission that its Form S-1 has been declared effective as of May 27, 2022. As a result of obtaining the receipt for the Canadian prospectus and the declaration of effectiveness for the Form S-1, each unexercised Special Warrant was automatically exercised into one Common Share and one Warrant without further action on the part of the holders.

The non-brokered 1,471,664 units were issued at a price of C$0.30 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one warrant share for C$0.37 until April 1, 2025.

In connection with the special warrants offering, the agents earned a cash commission in the amount of C$563,968 and compensation options exercisable to acquire an aggregate of 1,879,892 units of the Company at C$0.30 a unit until April 1, 2024. Each compensation unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one warrant share for C$0.37 until April 1, 2024.

In April 2022, the Company issued 1,315,856 common shares in connection with its election to satisfy interest payments under the outstanding convertible debentures for the three months ended March 31, 2022.

In May 2022, the Company issued 10,416,667 units to Teck Resources Limited in consideration towards the purchase of the Pend Oreille Processing Plant at C$0.245 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one warrant share for C$0.37 until May 13, 2025.

In June 2022, the Company issued 1,218,000 units to contractors for bonuses accrued during the three months ended March 31, 2022. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one warrant share for C$0.37 until April 1, 2025.

In July 2022, the Company issued 1,975,482 common shares in connection with its election to satisfy interest payments under the outstanding convertible debentures for the three months ended June 30, 2022.

For each financing, the Company has accounted for the warrants in accordance with ASC Topic 815. The warrants are considered derivative instruments as they were issued in a currency other than the Company's functional currency of the U.S. dollar. The estimated fair value of warrants accounted for as liabilities was determined on the date of issue and marks to market at each financial reporting period. The change in fair value of the warrant is recorded in the unaudited condensed interim consolidated statements of income and comprehensive income as a gain or loss and is estimated using the Binomial model.

The warrant liabilities as a result of the June 2019, August 2019, August 2020, February 2021, April 2022 special warrants, April 2022 non-brokered, May 2022 Teck purchase, and June 2022 contractor private placements were revalued as at September 30, 2022, issuance date in 2022, and December 31, 2021 using the Binomial model and the following assumptions:

April 2022 special warrants issuance		**September 30, 2022**		**April 1, 2022**
Expected life		914 days		1,096 days
Volatility		120%		120%
Risk free interest rate		3.72%		2.35%
Dividend yield		0%		0%
Share price (C$)	$	0.115	$	0.29
Fair value	$	1,488,348	$	5,947,232
Change in derivative liability	$	(4,458,884)	$	-

April 2022 non-brokered issuance		**September 30, 2022**		**April 1, 2022**
Expected life		914 days		1,096 days
Volatility		120%		120%
Risk free interest rate		3.72%		2.35%
Dividend yield		0%		0%
Share price (C$)	$	0.115	$	0.29
Fair value	$	57,869	$	186,190
Change in derivative liability	$	(128,321)	$	-

May 2022 Teck issuance		**September 30, 2022**		**May 13, 2022**
Expected life		956 days		1,096 days
Volatility		120%		120%
Risk free interest rate		3.72%		2.68%
Dividend yield		0%		0%
Share price (C$)	$	0.115	$	0.25
Fair value	$	424,053	$	1,273,032
Change in derivative liability	$	(848,979)	$	-

June 2022 issuance		**September 30, 2022**		**June 30, 2022**
Expected life		914 days		1,006 days
Volatility		120%		120%
Risk free interest rate		3.72%		3.14%
Dividend yield		0%		0%
Share price (C$)	$	0.115	$	0.20
Fair value	$	47,895	$	113,425
Change in derivative liability	$	(65,530)	$	-

(Expressed in United States Dollars)

February 2021 issuance	**September 30, 2022**	**December 31, 2021**
Expected life	1,228 days	1,501 days
Volatility	120%	100%
Risk free interest rate	3.72%	1.25%
Dividend yield	0%	0%
Share price (C$)	$ 0.115	$ 0.37
Fair value	$ 829,987	$ 3,483,745
Change in derivative liability	$ (2,653,758)	$ (329,358)

August 2020 issuance	**September 30, 2022**	**December 31, 2021**
Expected life	335 days	608 days
Volatility	120%	100%
Risk free interest rate	3.79%	0.95%
Dividend yield	0%	0%
Share price (C$)	$ 0.115	$ 0.37
Fair value	$ 484,745	$ 6,790,163
Change in derivative liability	$ (6,305,419)	$ (7,703,052)

June 2019 issuance (i)	**September 30, 2022**	**December 31, 2021**
Expected life	1,188 days	1,461 days
Volatility	120%	100%
Risk free interest rate	3.72%	1.02%
Dividend yield	0%	0%
Share price (C$)	$ 0.115	$ 0.37
Fair value	$ 460,207	$ 2,067,493
Change in derivative liability	$ (1,607,286)	$ (1,371,346)

(i) During the six months ended December 31, 2020, the Company amended the exercise price to C$0.59 per common share and extended the expiry date to December 31, 2025 for 11,660,000 warrants.

August 2019 issuance (ii)	**September 30, 2022**	**December 31, 2021**
Expected life	1,188 days	1,461 days
Volatility	120%	100%
Risk free interest rate	3.72%	1.02%
Dividend yield	0%	0%
Share price (C$)	$ 0.115	$ 0.37
Fair value	$ 707,282	$ 3,177,485
Change in derivative liability	$ (2,470,203)	$ (2,744,785)

(ii) During the six months ended December 31, 2020, the Company amended the exercise price to C$0.59 per common share and extended the expiry date to December 31, 2025 for 17,920,000 warrants. The terms of the remaining 2,752,900 warrants remain unchanged.

Warrants

(Expressed in United States Dollars)

	Number of warrants	Weighted average exercise price (C$)	Weighted average grant date value ($)
Balance, December 31, 2020	95,777,806	$ 0.54	$ 0.08
Issued	19,994,080	0.60	0.19
Expired	(2,913,308)	0.48	0.14
Balance, September 30, 2021	112,858,578	$ 0.55	$ 0.19
Balance, December 31, 2021	111,412,712	$ 0.54	$ 0.18
Issued	50,955,636	0.37	0.15
Expired	(239,284)	0.70	0.21
Balance, September 30, 2022	162,129,064	$ 0.49	$ 0.17

During the nine months ended September 30, 2022, 239,284 February 2020 broker warrants expired.

At September 30, 2022, the following warrants were outstanding:

Expiry date	Exercise price (C$)	Number of warrants	Number of warrants exercisable
August 31, 2023	0.50	58,284,148	58,284,148
December 31, 2025	0.59	32,895,200	32,895,200
February 9, 2026	0.60	17,112,500	17,112,500
February 16, 2026	0.60	2,881,580	2,881,580
April 1, 2025	0.37	40,358,969	40,358,969
May 13, 2025	0.37	10,416,667	10,416,667
		162,129,064	162,129,064

Compensation options

At September 30, 2022, the following compensation options were outstanding:

	Number of compensation options	Weighted average exercise price (C$)
Issued - August 2020 Compensation Options	3,239,907	$ 0.35
Balance, December 31, 2020	3,239,907	0.35
Issued – February 2021 Compensation Options	351,000	0.35
Balance, December 31, 2021	3,590,907	0.35

(Expressed in United States Dollars)

Issued – April 2022 Compensation Options	1,879,892		0.30
Balance, September 30, 2022	5,470,799	$	0.34

The grant date fair value of the August 2020 and February 2021, and April 2022 Compensation Options were estimated at $521,993, $68,078 and $264,435 respectively, using the Black-Scholes valuation model with the following underlying assumptions:

Grant Date	Risk free interest rate	Dividend yield	Volatility	Stock price	Weighted average life
August 2020	0.31%	0%	100%	C$0.35	3 years
February 2021	0.26%	0%	100%	C$0.40	3 years
April 2022	2.34%	0%	100%	C$0.30	2 years

Expiry date		Exercise price (C$)	Number of broker options		Fair value ($)
August 31, 2023 (i)	$	0.35	3,239,907	$	521,993
February 16, 2024 (ii)	$	0.40	351,000	$	68,078
April 1, 2024 (iii)	$	0.30	1,879,892	$	264,435
			5,470,799	$	854,506

(i) Exercisable into one August 2020 Unit

(ii) Exercisable into one February 2021 Unit

(iii)Exercisable into one April 2022 Unit

Stock options

The following table summarizes the stock option activity during the nine months ended September 30, 2022:

	Number of stock options		Weighted average exercise price (C$)
Balance, December 31, 2020	8,015,159	$	0.62
Granted (i)	1,037,977		0.34
Balance, December 31, 2021	9,053,136	$	0.58
Granted (ii)	300,000		0.15
Expired May 01, 2022	(47,500)		
Balance, September 30, 2022	9,305,636	$	0.52

(i) On February 19, 2021, 1,037,977 stock options were issued to an officer of the Company, of which 273,271 stock options vested immediately and the balance of 764,706 stock options vested on December 31, 2021. These options have a 5-year life and are exercisable at C$0.335 per common share. The grant date fair value of the options was estimated at $204,213. The vesting of these options resulted in stock-based compensation of $nil for the three and nine months ended September 30, 2022, compared to $43,941 and $160,750 for the three and nine months ended September 30, 2021, respectively, which is included in operation and administration expenses on the consolidated statements of income (loss) and comprehensive income (loss).

(ii) On August 24, 2022, 300,000 stock options were issued to an employee of the Company, of which 150,000 vested immediately and the remaining balance of outstanding options to vest equally over the next two anniversaries of the grant date. These options have a 5-year life and are exercisable at C$0.15 per common share. The grant fair value of the options was estimated at $28,930. The vesting of these options resulted in stock-based compensation of $14,465 for the three and nine months ended September 30, 2022, which is included in the operation and administration expense of the consolidated statements of income (loss) and comprehensive income (loss).

The fair value of these stock options was determined on the date of grant using the Black-Scholes valuation model, and using the following underlying assumptions:

	Risk free interest rate	**Dividend yield**	**Volatility**	**Stock price**	**Weighted average life**
(i)	0.64%	0%	100%	C$0.34	5 years

(ii) On August 24, 2022, 300,000 stock options were issued to an employee of the Company, of which 150,000 stock options vested immediately and the balance of 150,000 stock options will vest equally over two years on the anniversary date of issuance. These options have a 5-year life and are exercisable at C$0.15 per common share. The grant date fair value of the options was estimated at $28,930. The vesting of these options resulted in stock-based compensation of $14,465 for the period ended September 30, 2022, which is included in operation and administration expenses on the consolidated statements of income (loss) and comprehensive income (loss).

The fair value of these stock options was determined on the date of grant using the Black-Scholes valuation model, and using the following underlying assumptions:

	Risk free interest rate	**Dividend yield**	**Volatility**	**Stock price**	**Weighted average life**
(ii)	3.27%	0%	120%	C$0.15	5 years

The following table reflects the actual stock options issued and outstanding as of September 30, 2022:

Exercise price (C$)	**remaining contractual life (years)**	**Number of options outstanding**	**Number of options vested (exercisable)**	**Grant date fair value ($)**
0.50	0.5	235,000	235,000	46,277
0.60	1.25	200,000	200,000	52,909
0.60	2.35	1,575,000	1,575,000	435,069
0.55	2.81	5,957,659	1,489,415	1,536,764
0.335	3.64	1,037,977	1,037,977	204,213
0.15	4.90	300,000	150,000	28,930

(Expressed in United States Dollars)

	9,305,636	4,687,392	$ 2,304,162

10. Income per Share

Potentially dilutive securities include convertible loan payable, warrants, broker options, stock options, and unvested restricted share units ("RSU"). Diluted income per share reflects the assumed exercise or conversion of all dilutive securities using the treasury stock method.

	Three Months ended September 30, 2022	Three Months ended September 30, 2021	Nine Months ended September 30, 2022	Nine Months ended September 30, 2021
Net income (loss) and comprehensive income (loss) for the period	**4,315,403**	3,960,630	**13,860,884**	9,843,495
Basic income (loss) per share Weighted average number of common shares - basic	**219,466,235**	164,179,999	**198,364,188**	160,690,371
Net income (loss) per share – basic	0.02	0.02	0.07	0.06
Net income (loss) and comprehensive income (loss) for the period	**4,315,403**	3,960,630	**13,860,884**	9,843,495
Dilutive effect of convertible debentures	**(502,389)**	-	**(1,945,686)**	-
Dilutive effect of warrants on net income	**-**	-	**-**	-
Diluted net income (loss) and comprehensive income (loss) for the period	**3,813,014**	3,960,630	**11,915,198**	9,843,495
Diluted income (loss) per share	**219,466,234**	164,179,999	**198,364,188**	160,690,371
Weighted average number of common shares - basic				
Diluted effect:				
Warrants, broker options, and stock options, convertible debentures, and RSUs	**98,738,276**	150,000	**52,317,205**	150,000
Weighted average number of common shares - fully diluted	**318,204,510**	164,329,999	**250,681,393**	160,840,371
Net income (loss) per share - fully diluted	**0.01**	0.02	**0.05**	0.06

11. Restricted Share Units

Effective March 25, 2020, the Board of Directors approved a Restricted Share Unit ("RSU") Plan to grant RSUs to its officers, directors, key employees, and consultants.

The following table summarizes the RSU activity during the nine months ended September 30, 2022:

Weighted

(Expressed in United States Dollars)

	Number of shares		average grant date fair value per share (C$)
Unvested as at December 31, 2020	988,990	$	0.39
Granted	1,348,434		0.38
Vested	(1,516,299)		0.41
Forfeited	(245,125)		0.52
Unvested as at December 31, 2021	576,000	$	0.62
Granted	624,750		0.29
Vested	(774,750)		0.40
Unvested as at September 30, 2022	426,000	$	0.60

(i) On April 14, 2020, the Company granted 400,000 RSUs to a certain officer of the Company. The RSUs vest in one fourth increments upon each anniversary of the grant date. The vesting of these RSUs resulted in stock-based compensation of $30,380 and $57,495 for the nine months ended September 30, 2022 and 2021, respectively, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(ii) On April 20, 2020, the Company granted 200,000 RSUs to a certain director of the Company. The RSUs vest in one fourth increments upon each anniversary of the grant date. The vesting of these RSUs resulted in stock-based compensation of $10,452 and $19,796 for the nine months ended September 30, 2022 and 2021, respectively, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(iii) On November 16, 2020, the Company granted 168,000 RSUs to certain directors of the Company. The RSUs vest in one fourth increments upon each anniversary of the grant date. The vesting of these RSUs resulted in stock-based compensation of $12,612 and $24,255 for the nine months ended September 30, 2022 and 2021, respectively, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(iv) On December 6, 2020, the Company granted 220,990 RSUs to a consultant of the Company. The RSUs vest in one sixth increments per month. The vesting of these RSUs resulted in stock-based compensation of $nil and $58,740 for the nine months ended September 30, 2022 and 2021, respectively, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(v) On January 1, 2021, the Company granted 735,383 RSUs to a consultant of the Company. 245,128 RSUs vested immediately with the remaining RSUs vesting in one twelfth increments per month. During the year ended 2021, a total of 490,258 RSUs vested, and in July 2021, the consultant forfeited the remaining 245,125 unvested RSUs, resulting in a reversal of share-based compensation of $64,870. The vesting of these RSUs resulted in stock-based compensation of $nil and $265,101 for the nine months ended September 30, 2022 and 2021, respectively.

(Expressed in United States Dollars)

(vi) On July 1, 2021, the Company granted 17,823 RSUs to a consultant of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $nil and $4,026 for the nine months ended September 30, 2022 and 2021, respectively.

(vii) On August 5, 2021, the Company granted 595,228 RSUs to consultants of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $nil and $100,022 for the nine months ended September 30, 2022 and 2021, respectively.

(viii) On January 10, 2022, the Company granted 500,000 RSUs to a consultant of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $122,249 for the nine months ended September 30, 2022, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(ix) On April 29, 2022, the Company granted 76,750 RSUs to certain consultants of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $16,800 for the nine months ended September 30, 2022, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(x) On June 30, 2022, the Company granted 15,000 RSUs to a consultant of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $2,328 for the nine months ended September 30, 2022, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(xi) On September 29, 2022 the Company granted 33,000 RSUs to two consultants of the Company, vesting immediately. The vesting of these RSUs resulted in stock-based compensation of $2,889 for the nine months ended September 30, 2022, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

12. Deferred Share Units

Effective April 21, 2020, the Board of Directors approved a Deferred Share Unit (“DSU”) Plan to grant DSUs to its directors. The DSU Plan permits the eligible directors to defer receipt of all or a portion of their retainer or compensation until termination of their services and to receive such fees in the form of cash at that time.

Upon vesting of the DSUs or termination of service as a director, the director will be able to redeem DSUs based upon the then market price of the Company’s common share on the date of redemption in exchange for cash.

The following table summarizes the DSU activity during the nine months ended September 30, 2022 and 2021:

	Number of shares	Weighted average grant date fair value per share (C$)
Unvested as at December 31, 2020 and September 30, 2021 (i)	7,500,000	$ 1.03

Unvested as at December 31, 2021	5,625,000	$	1.03
Granted (i)	210,000		0.20
Vested (ii)(iii)	(3,125,000)		1.03
Unvested as at September 30, 2022	2,710,000	$	1.00

(i) On April 21, 2020, the Company granted 7,500,000 DSUs. The DSUs vest in one fourth increments upon each anniversary of the grant date and expire in 5 years. On July 1, 2022 the Company granted 210,000 DSU's, these DSU's vest after 12 months of the issuance date. During the nine months ended September 30, 2022, and 2021 the Company recognized $493,060 and $430,964, respectively, recovery of stock-based compensation related to the DSUs, which is included in operation and administration expenses on the condensed interim consolidated statements of income (loss) and comprehensive income (loss), as DSU's were settled in cash during the 9 months ended September 30, 2022. Upon redemption of the 2,500,000 DSUs (see (iii)) the fair value of the remaining DSU liability at September 30, 2022 was $363,648.

(ii) On March 31, 2022, the Board approved the early vesting of 625,000 DSUs for one of the Company's Directors.

(iii) During the nine months ended September 30, 2022, the director redeemed 2,500,000 DSUs for C$750,000, and elected to use net proceeds to subscribe for 375,000 units in the Company's April 2022 special warrant issuance at C$0.30 per unit, with the balance of the redeemed amount payable in cash after applicable withholding tax deductions. The DSU's were therefore all accelerated to vest.

13. Commitments and Contingencies

As stipulated in the agreement with the EPA and as described in Note 6, the Company is required to make two types of payments to the EPA and IDEQ, one for historical water treatment cost-recovery to the EPA, and the other for ongoing water treatment. Water treatment costs incurred through December 2021 are payable to the EPA, and water treatment costs incurred thereafter are payable to the IDEQ. The IDEQ (as done formerly by the EPA) invoices the Company on an annual basis for the actual water treatment costs, which may exceed the recognized estimated costs significantly. When the Company receives the water treatment invoices, it records any liability for actual costs over and above any estimates made and adjusts future estimates as required based on these actual invoices received. The Company is required to pay for the actual costs regardless of the periodic required estimated accruals and payments made each year.

On July 28, 2021, a lawsuit was filed in the US District Court for the District of Idaho brought by Crescent Mining, LLC ("Crescent"). The named defendants include Placer Mining, Robert Hopper Jr., and the Company. The lawsuit alleges that Placer Mining and Robert Hopper Jr. intentionally flooded the Crescent Mine during the period from 1991 and 1994, and that the Company is jointly and severally liable with the other defendants for unspecified past and future costs associated with the presence of acid mine drainage ("AMD") in the Crescent Mine. The plaintiff has requested unspecified damages. On September 20, 2021, the Company filed a motion to dismiss Crescent's claims against it, contending that such claims are facially deficient. On March 2, 2022, Chief US District Court Judge, David C. Nye granted in part and denied in part the Company's motion to dismiss. The court granted the Company's motion to dismiss Crescent's Cost Recovery claim under CERCLA Section 107(a), Declaratory Judgment, Tortious Interference, Trespass, Nuisance and Negligence claims. These claims were dismissed without prejudice. The court denied the motion to dismiss filed by Placer Mining Corp. for Crescent's trespass, nuisance and negligence claims. Crescent later filed an amended complaint on April 1, 2022. Placer Mining Corp. and Bunker Hill Mining Corp are named as co-defendants. Bunker Hill responded to the amended filing, refuting and denying all allegations made in the complaint except those that are assertions of fact as a matter of public record. The Company believes Crescent's is without merit and intends to vigorously defend itself, as well as Placer Mining Corp. pursuant to the Company's indemnification of Placer Mining Corp in the Sale and Purchase agreement executed between the companies for the Mine on December 15, 2021.

Bunker Hill Mining Corp.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
Three and Nine Months Ended September 30, 2022
(Expressed in United States Dollars)

14. Related party transactions

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Consulting fees and wages	$ 248,472	$ 276,049	$ 1,832,323	$ 846,604

At September 30, 2022 and September 30, 2021, $15,000 and $102,235, respectively is owed to key management personnel with all amounts included in accounts payable and accrued liabilities.

On July 1, 2022 the Company issued 210,000 DSU's to a director of the Company.

15. Subsequent Events

In October 2022, the Company issued 8,252,940 common shares in connection with its election to satisfy interest payments under the outstanding convertible debentures for the three months ending September 30, 2022.

During October 2022, the Company reported that it has been successful in securing a new payment bond to secure a portion of its cost recovery obligations to the US Environmental Protection Agency (the "US EPA"), resulting in a $3,000,000 improvement in liquidity. As reported in the Company's financial statements for the period ending September 30, 2022, the Company held restricted cash of $9,476,000 as of September 30, 2022 which included $7,001,000 as collateral for a letter of credit to the US EPA. This letter of credit has been reduced to $2,000,001 as a result of a new $5,000,000 payment bond obtained through an insurance company. The collateral for the new payment bond is comprised of a $2,000,000 letter of credit and land pledged by third parties, with whom the Company has entered into a financing cooperation agreement that contemplates a monthly fee of $20,000 (payable in cash or common shares of the Company, at the Company's election). The new payment bond is scheduled to increase to $7,001,000 (from $5,000,000) upon the advance of the multi-metals Stream from Sprott Private Resource Streaming & Royalty Corp. (see the Company's news release of December 20, 2021 for further detail), which would result in a further $2,001,000 improvement in liquidity for the Company from the release of restricted cash.

In October 2022, the Company reported that it awarded a new water management consulting services contract to MineWater LLC ("MineWater") for strategic environmental support at the Bunker Hill Mine through September 30, 2023. Pursuant to the contract, the Company agreed to pay MineWater $60,000 in cash and issue 1,599,150 Restricted Share Units, which were issued and vested immediately to common shares of the Company that are subject to customary resale restrictions in Canada and the United States.

In November 2022, the Company awarded 4,396,741 Restricted Share Units to certain executives in relation to an annual grant under its Long-Term Incentive Plan. The RSUs vest in one-third increments on March 31 of 2023, 2024, and 2025.

Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation

SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report, including statements in the following discussion, are what are known as "forward looking statements", which are basically statements about the future. For that reason, these statements involve risk and uncertainty since no one can accurately predict the future. Words such as "plans," "intends," "will," "hopes," "seeks," "anticipates," "expects "and the like often identify such forward looking statements, but are not the only indication that a statement is a forward-looking statement. Such forward looking statements include statements concerning the company's plans and objectives with respect to the present and future operations of the company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the company to change such plans and objectives or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this report and in the company's other filings with the sec. No statements contained in the following discussion should be construed as a guarantee or assurance of future performance or future results.

COVID-19 Coronavirus Pandemic Response and Impact

Following the outbreak of the COVID-19 coronavirus global pandemic ("COVID-19") in early 2020, in March 2020 the U.S. Centers for Disease Control issued guidelines to mitigate the spread and health consequences of COVID-19. The Company implemented changes to its operations and business practices to follow the guidelines and minimize physical interaction, including using technology to allow employees to work from home when possible. As long as they are required, the operational practices implemented could have an adverse impact on our results. Although the pandemic has subsided significantly, the negative impact of COVID-19 remains uncertain, including on overall business and market conditions. There is uncertainty related to the potential additional impacts COVID-19 could have on our operations and financial results for the year.

The Russia/Ukraine Crisis:

The Company's operations could be adversely affected by the effects of the escalating Russia/Ukraine crisis and the effects of sanctions imposed against Russia or that country's retributions against those sanctions, embargos or further-reaching impacts upon energy prices, food prices and market disruptions. The Company cannot accurately predict the impact the crisis will have on its operations and the ability of contractors to meet their obligations with the Company, including uncertainties relating the severity of its effects, the duration of the conflict, and the length and magnitude of energy bans, embargos and restrictions imposed by governments. In addition, the crisis could adversely affect the economies and financial markets of the United States in general, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. Additionally, the Company cannot predict changes in precious metals pricing or changes in commodities pricing which may alternately affect the Company either positively or negatively.

DESCRIPTION OF BUSINESS

<u>Corporate Information</u>

The Company was incorporated under the laws of the State of Nevada, U.S.A on February 20, 2007 under the name Lincoln Mining Corp. On February 11, 2010, the Company changed its name to Liberty Silver Corp and subsequently, on September 29, 2017, the Company changed its name to Bunker Hill Mining Corp. The Company's registered office is located at 1802 N. Carson Street, Suite 212, Carson City Nevada 89701, and its head office is located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1, and its telephone number is 416-477-7771. The

Company's website is www.bunkerhillmining.com. Information appearing on the website is not incorporated by reference into this report.

Current Operations

Overview

The Company's sole focus is the development and restart of its 100% owned flagship asset, the Bunker Hill mine (the "Mine"). The Mine remains the largest single producing mine by tonnage in the Silver Valley region of northwest Idaho, producing over 165 million ounces of silver and 5 million tons of base metals between 1885 and 1981. The Bunker Hill Mine is located within Operable Unit 2 of the Bunker Hill Superfund site (EPA National Priorities Listing IDD048340921), where cleanup activities have been completed.

In early 2020, a new management team comprised of former executives from Barrick Gold Corp. assumed leadership of the Company. Since that time, the Company has conducted multiple exploration campaigns, published multiple economic studies, purchased the Bunker Hill Mine, purchased a process plant, and advanced the rehabilitation and development of the Mine. The Company is focused on completing the financing for, and execution of, a potential restart of operations at the Mine.

Lease and Purchase of the Bunker Hill Mine

The Company purchased the Bunker Hill Mine in January 2022, as described below.

Prior to purchasing the Mine, the Company had entered into a series of agreements with Placer Mining Corporation ("Placer Mining"), the prior owner, for the lease and option to purchase the Mine. The first of these agreements was announced on August 28, 2017, with subsequent amendments and/or extensions announced on November 1, 2019, July 7, 2020, and November 20, 2020.

Under the terms of the November 20, 2020 amended agreement (the "Amended Agreement"), a purchase price of $7,700,000 was agreed, with $5,700,000 payable in cash (with an aggregate of $300,000 to be credited toward the purchase price of the Mine as having been previously paid by the Company) and $2,000,000 in Common Shares of the Company. The Company agreed to make an advance payment of $2,000,000, credited toward the purchase price of the Mine, which had the effect of decreasing the remaining amount payable to purchase the Mine to an aggregate of $3,400,000 payable in cash and $2,000,000 in Common Shares of the Company.

The Amended Agreement also required payments pursuant to an agreement with the U.S. Environmental Protection Agency ("EPA") whereby for so long as the Company leases, owns and/or occupies the Mine, the Company would make payments to the EPA on behalf of Placer Mining in satisfaction of the EPA's claim for historical water treatment cost recovery in accordance with the Settlement Agreement reached with the EPA in 2018. Immediately prior to the purchase of the Mine, the Company's liability to EPA in this regard totaled $11,000,000.

The Company completed the purchase of the Bunker Hill Mine on January 7, 2022. The terms of the purchase price were modified to $5,400,000 in cash, from $3,400,000 of cash and $2,000,000 of Common Shares. Concurrent with the purchase of the Mine, the Company assumed incremental liabilities of $8,000,000 to the EPA, consistent with the terms of the amended Settlement Agreement with the EPA that was executed in December 2021 (see "EPA 2018 Settlement Agreement & 2021 Amended Settlement Agreement" section below).

EPA 2018 Settlement Agreement & 2021 Amended Settlement Agreement

Bunker Hill entered into a Settlement Agreement and Order on Consent with the EPA on May 15, 2018. This agreement limits the Company's exposure to the Comprehensive Environmental Response, Compensation, and

Liability Act ("CERCLA") liability for past environmental damage to the mine site and surrounding area to obligations that include:

- Payment of $20,000,000 for historical water treatment cost recovery for amounts paid by the EPA from 1995 to 2017
- Payment for water treatment services provided by the EPA at the Central Treatment Plant ("CTP") in Kellogg, Idaho until such time that Bunker Hill either purchases or leases the CTP or builds a separate EPA-approved water treatment facility
- Conducting a work program as described in the Ongoing Environmental Activities section of this study

In December 2021, in conjunction with its intention to purchase the mine complex, the Company entered into an amended Settlement Agreement (the "Amendment") between the Company, Idaho Department of Environmental Quality, US Department of Justice and the EPA modifying the payment schedule and payment terms for recovery of historical environmental response costs at Bunker Hill Mine incurred by the EPA. With the purchase of the mine subsequent to the end of the period, the remaining payments of the EPA cost recovery liability would be assumed by the Company, resulting in a total of $19,000,000 liability to the Company, an increase of $8,000,000. The new payment schedule included a $2,000,000 payment to the EPA within 30 days of execution of this amendment, which was made. The remaining $17,000,000 will be paid on the following dates:

Date		**Amount**
November 1, 2024	$	3,000,000
November 1, 2025	$	3,000,000
November 1, 2026	$	3,000,000
November 1, 2027	$	3,000,000
November 1, 2028	$	3,000,000
November 1, 2029	$	2,000,000 plus accrued interest

The resumption of payments in 2024 were agreed in order to allow the Company to generate sufficient revenue from mining activities at the Bunker Hill Mine to address remaining payment obligations from free cash flow.

The changes in payment terms and schedule were contingent upon the Company securing financial assurance in the form of performance bonds or letters of credit deemed acceptable to the EPA totaling $17,000,000, corresponding to the Company's cost recovery obligations to be paid in 2024 through 2029 as outlined above. Should the Company fail to make its scheduled payment, the EPA can draw against this financial assurance. The amount of the bonds or letters of credit will decrease over time as individual payments are made. If the Company failed to post the final financial assurance within 180 days of the execution of the Amendment, the terms of the original agreement would be reinstated.

During the quarter ended June 30, 2022, the Company was successful in obtaining the financial assurance. Specifically, a $9,999,000 payment bond and a $7,001,000 letter of credit were secured and provided to the EPA. This milestone provides for the Company to recognize the effects of the change in terms of the EPA liability as outlined in the December 20, 2021, agreement. Once the financial assurance was put into place, the restructuring of the payment stream under the Amendment occurred with the entire $17,000,000 liability being recognized as long-term in nature. The aforementioned payment bond and letter of credit are secured by $2,475,000 and $7,001,000 of cash deposits, respectively.

Project Finance Package with Sprott Private Resource Streaming & Royalty Corp.

On December 20, 2021, the Company executed a non-binding term sheet outlining a $50,000,000 project finance package with Sprott Private Resource Streaming and Royalty Corp. ("SRSR"). The non-binding term sheet with SRSR outlined a project financing package that the Company expects to fulfill the majority of its funding requirements to restart the Mine. The term sheet consisted of an $8,000,000 royalty convertible debenture (the “RCD”), a $5,000,000 convertible debenture (the “CD1”), and a multi-metals stream of up to $37,000,000 (the “Stream”). The CD1 was subsequently increased to $6,000,000, increasing the project financing package to $51,000,000.

On June 17, 2022, the Company consummated a new $15,000,000 convertible debenture (the “CD2”). As a result, total potential funding from SRSR was further increased to $66,000,000 including the RCD, CD1, CD2 and the Stream (together, the “Project Financing Package”).

The Company closed the $8,000,000 RCD on January 7, 2022. The RCD bears interest at an annual rate of 9.0%, payable in cash or Common Shares at the Company’s option, until such time that SRSR elects to convert a royalty, with such conversion option expiring at the earlier of advancement of the Stream or July 7, 2023 (subsequently amended as described below). In the event of conversion, the RCD will cease to exist and the Company will grant a royalty for 1.85% of life-of-mine gross revenue from mining claims considered to be historically worked, contiguous to current accessible underground development, and covered by the Company’s 2021 ground geophysical survey (the “SRSR Royalty”). A 1.35% rate will the apply to claims outside of these areas. The RCD was initially secured by a share pledge of the Company’s operating subsidiary, Silver Valley, until a full security package was put in place concurrent with the consummation of the CD1. In the event of non-conversion, the principal of the RCD will be repayable in cash.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed to a number of amendments to the terms of the RCD, including an amendment of the maturity date from July 7, 2023, to March 31, 2025. The parties also agreed to a Royalty Put Option such that in the event the RCD is converted into a royalty as described above, the holder of the royalty will be entitled to resell the royalty to the Company for $8,000,000 upon default under the CD1 or CD2 until such time that the CD1 and CD2 are paid in full.

The Company closed the $6,000,000 CD1 on January 28, 2022, which was increased from the previously announced $5,000,000. The CD1 bears interest at an annual rate of 7.5%, payable in cash or shares at the Company’s option, and matures on July 7, 2023 (subsequently amended, as described below). The CD1 is secured by a pledge of the Company’s properties and assets. Until the closing of the Stream, the CD1 was to be convertible into Common Shares at a price of C$0.30 per Common Share, subject to stock exchange approval (subsequently amended, as described below). Alternatively, SRSR may elect to retire the CD1 with the cash proceeds from the Stream. The Company may elect to repay the CD1 early; if SRSR elects not to exercise its conversion option at such time, a minimum of 12 months of interest would apply.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed to a number of amendments to the terms of the CD1, including that the maturity date would be amended from July 7, 2023, to March 31, 2025, and that the CD1 would remain outstanding until the new maturity date regardless of whether the Stream is advanced, unless the Company elects to exercise its option of early repayment. The Company determined that amendments to the terms should not be treated as an extinguishment of CD1, but as a debt modification.

The Company closed the $15,000,000 CD2 on June 17, 2022. The CD2 bears interest at an annual rate of 10.5%, payable in cash or shares at the Company’s option, and matures on March 31, 2025. The CD2 is secured by a pledge of the Company’s properties and assets. The repayment terms include 3 quarterly payments of $2,000,000 each beginning June 30, 2024, and $9,000,000 on the maturity date.

In light of the Series 2 Convertible Debenture financing, the previously permitted additional senior secured indebtedness of up to $15 million for project finance has been removed.

A minimum of $27,000,000 and a maximum of $37,000,000 (the “Stream Amount”) will be made available under the Stream, at the Company’s option, once the conditions of availability of the Stream have been satisfied including confirmation of full project funding by an independent engineer appointed by SRSR. If the Company draws the maximum funding of $37,000,000, the Stream would apply to 10% of payable metals sold until a minimum quantity of metal is delivered consisting of, individually, 55 million pounds of zinc, 35 million pounds of lead, and 1 million ounces of silver (subsequently amended, as described below). Thereafter, the Stream would apply to 2% of payable metals sold. If the Company elects to draw less than $37,000,000 under the Stream, the percentage and quantities of payable metals streamed will adjust pro-rata. The delivery price of streamed metals will be 20% of the applicable spot price. The Company may buy back 50% of the Stream Amount at a 1.40x multiple of the Stream Amount between the second and third anniversary of the date of funding, and at a 1.65x multiple of the Stream Amount between the third and fourth anniversary of the date of funding. As of September 30, 2022, the Stream had not been advanced.

Concurrent with the funding of the CD2 in June 2022, the Company and SRSR agreed that the minimum quantity of metal delivered under the Stream, if advanced, will increase by 10% relative to the amounts noted above.

Process Plant

On January 25, 2022, the Company announced that it had entered into a non-binding Memorandum of Understanding ("MOU") with Teck Resources Limited ("Teck") for the purchase of a comprehensive package of equipment and parts inventory from its Pend Oreille site (the "Process Plant") in eastern Washington State, approximately 145 miles from the Bunker Hill Mine by road. The package comprises substantially all processing equipment of value located at the site, including complete crushing, grinding and flotation circuits suitable for a planned ~1,500 ton-per-day operation at Bunker Hill, and total inventory of nearly 10,000 components and parts for mill, assay lab, conveyer, field instruments, and electrical spares. The Company paid a $500,000 non-refundable deposit in January 2022.

On March 31, 2022, the Company announced that it had reached an agreement with a subsidiary of Teck to satisfy the remaining purchase price for the Process Plant by way of an equity issuance of the Company. Teck will receive 10,416,667 units of the Company (the "Teck Units") at a deemed issue price of C$0.30 per unit. Each Teck Unit consists of one Common Share and one Common Share purchase warrant (the "Teck Warrants"). Each whole Teck Warrant entitles the holder to acquire one Common Share at a price of C$0.37 per Common Share for a period of three years. The equity issuance and purchase of the Process Plant occurred on May 13, 2022.

Ball Mill upgrade

On August 30, 2022, the Company entered into an agreement to purchase a ball mill from D'Angelo International LLC for $675,000. The purchase of the mill is to be made in three cash payments:

$100,000 by September 15, 2022 as a non-refundable deposit (paid)
$100,000 by October 15, 2022 (paid)
$475,000 by December 15, 2022

At September 30, 2022, the Company paid $100,000 towards the purchase as a non-refundable deposit.

Results of Operations

The following discussion and analysis provide information that is believed to be relevant to an assessment and understanding of the results of operation and financial condition of the Company for the three and nine months ended September 30, 2022 and September 30, 2021. Unless otherwise stated, all figures herein are expressed in U.S. dollars, which is the Company's functional currency.

Comparison of the three and nine months ended September 30, 2022 and 2021

<u>Revenue</u>

During the nine months ended September 30, 2022 and 2021, respectively, the Company generated no revenue.

Expenses

During the three and nine months ended September 30, 2022, the Company reported total operating expenses of $3,824,948 and $13,291,484, respectively. Compared to the three and nine months ended September 30, 2021, the Company reported total operating expenses of $2,464,945 and $12,384,474, respectively.

The increase in total operating expenses is primarily due to an increase in mine preparation legal and consulting fees when compared to the three and nine-month periods ended September 30, 2021. The Company was engaged in an active exploration campaign during the three and nine-month periods ended September 30, 2021, whereas the Company's primary focus during the three and nine-month periods ended September 30, 2022 was on advancing mine restart efforts, including underground development and process plant demobilization activities.

The significant increase in consulting fees reflects the engagement of numerous engineering, geological and other professional firms to assist the Company in consummating several complex debt and equity financings, the purchases of the mine and processing plant, the EPA financial assurance requirements, fair value measurements of complex instruments, and advancement of project activities. These fees were somewhat offset by a decrease in operational and administration expenses.

For financial accounting purposes, the Company reports all direct exploration expenses under the exploration expense line item of the condensed interim consolidated statements of income (loss) and comprehensive income (loss). Management determined that costs of the mine in the most recent quarter constituted mine preparation costs rather than exploration costs, since it was not focused on expanding the mineral resources but was invested to execute on the tasks and projects required to get the mine into shape for production activities. Certain indirect expenses may be reported as operation and administration expense or consulting expense on the unaudited condensed interim consolidated statements of income and comprehensive income.

Liquidity and Capital Resources

Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis. The Company has incurred losses since inception resulting in an accumulated deficit of $59,626,902 and further losses are anticipated in the development of its business. Additionally, the Company owes a total of $7,420,024 net of discount to the EPA (see Note 6) that is classified as long-term debt. The Company does not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and/or raising additional funds. In order to continue to meet its fiscal obligations in the current fiscal year and beyond, the Company must seek additional financing. This raises substantial doubt about the Company's ability to continue as a going concern. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The accompanying condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management is considering various financing alternatives including, but not limited to, raising capital through the capital markets, debt and closing on the multi-metals stream transaction. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Debt and Equity Financings, EPA obligations, and Mine Purchase

As described above, during the nine months ended September 30, 2022, the Company closed on three convertible debentures totaling $29,000,000 and equity financings (net of issuance costs) totaling $7,769,745 and used the proceeds to purchase the Bunker Hill Mine and the processing plant, as well as satisfy short-term obligations to the EPA including satisfaction of its financial assurance commitments, cost recovery and water treatment payments, advancement of mine restart activities and the funding of working capital requirements.

Current Assets and Total Assets

As of September 30, 2022, the Company's balance sheet reflects that the Company had: i) total current assets of $11,787,942, compared to total current assets of $3,622,548 at December 31, 2021 – an increase of $8,165,394; and ii) total assets of $33,586,588, compared to total assets of $4,071,796 at December 31, 2021 – an increase of $29,514,792. The increase in current assets was primarily due to an increase in restricted cash as a result of the proceeds from the convertible debentures and equity financings, and from increases in prepaid expenses and deposits. Total assets increased principally due to the increase in cash from financings and the purchase of the Bunker Hill Mine, the process plant and inventory.

Current Liabilities and Total Liabilities

As of September 30, 2022, the Company's balance sheet reflects that the Company had total current liabilities of $11,439,038 and total liabilities of $48,321,757, compared to total current liabilities of $22,795,277 and total liabilities of $38,314,164 at December 31, 2021. The decrease in the current liabilities is primarily reflective of financing and assurance activities that moved the EPA cost recovery liability from current to long term liabilities. Total liabilities increased as a result of the closing of the three convertible debentures and movement of the EPA cost recovery liability from current to long term, offset by the decrease in the long-term derivative warrant liability, promissory note.

Working Capital and Shareholders' Deficit

On September 30, 2022, the Company had working capital of $384,904 and a shareholders' deficiency of $14,735,169 compared to negative working capital of $19,172,729 and a shareholders' deficiency of $34,242,368 for the year ended December 31, 2021. Working capital increased during the nine months ended September 30, 2022 primarily due to funding from debt and equity financings, and the reclassification of cost recovery liabilities from current to long-term. Shareholders' equity increased due to net income of $3,690,353 and $12,864,248 for the three and nine-month periods ended September 30, 2022, driven by decreases in the fair value of the derivative warrant liability.

Cash Flow

During the nine months ended September 30, 2022, the Company had a net cash decrease of $382,230, which represents cash provided from convertible debentures and equity financings, with proceeds used to satisfy short-term obligations with the EPA, purchase of the Bunker Hill Mine and a processing plant, partial repayment of the outstanding promissory note, advancement of mine restart activities, and funding of working capital requirements.

During the nine months ended September 30, 2022, cash of $26,531,674 was used in operating activities, primarily due to the usage of $9,476,000 to secure the Company's financial assurance obligations with the EPA, $3,000,000 of payments against EPA cost recovery and water treatment payables, funding of mine restart activities, and other working capital requirements. This compares with cash used in operating activities of $9,372,253 for the nine months ended September 30, 2021.

During the nine months ended September 30, 2022, cash of $9,555,473 was used in investing activities for the purchase of the Bunker Hill Mine, a process plant, equipment, and real estate, compared with $94,693 used for investing activities in the nine months ended September 30, 2021

During the nine months ended September 30, 2022, cash of $35,704,917 was provided by financing activities by the three convertible debentures and the equity financings, offset by cash used for lease payments and repayment of a promissory note, compared with cash of $8,411,534 provided by financing activities in the nine months ended September 30, 2021

Subsequent Events

During October 2022, the Company issued 8,252,940 common shares in connection with its election to satisfy interest payments under the outstanding convertible debentures for the three months ending September 30, 2022.

During October 2022, the Company reported that it has been successful in securing a new payment bond to secure a portion of its cost recovery obligations to the US Environmental Protection Agency (the "US EPA"), resulting in a $3,000,000 improvement in liquidity. As reported in the Company's financial statements for the period ending September 30, 2022, the Company held restricted cash of $9,476,000 as of September 30, 2022 which included $7,001,000 as collateral for a letter of credit to the US EPA. This letter of credit has been reduced to $2,000,001 as a result of a new $5,000,000 payment bond obtained through an insurance company. The collateral for the new payment bond is comprised of a $2,000,000 letter of credit and land pledged by third parties, with whom the company has entered into a financing cooperation agreement that contemplates a monthly fee of $20,000 (payable in cash or common shares of the Company, at the Company's election).
The new payment bond is scheduled to increase to $7,001,000 (from $5,000,000) upon the advance of the multi-metals Stream from Sprott Private Resource Streaming & Royalty Corp. (see the Company's news release of December 20, 2021 for further detail), which would result in a further $2,001,000 improvement in liquidity for the Company from the release of restricted cash.

In October 2022, the Company reported that it awarded a new water management consulting services contract to MineWater LLC ("MineWater") for strategic environmental support at the Bunker Hill Mine through September 30, 2023. Pursuant to the contract, the Company agreed to pay MineWater $60,000 in cash and issue 1,599,150 Restricted Share Units, which were issued and vested immediately to common shares of the Company that are subject to customary resale restrictions in Canada and the United States.

In November 2022, the Company awarded 4,396,741 Restricted Share Units to certain executives in relation to an annual grant under its Long-Term Incentive Plan. The RSUs vest in one-third increments on March 31 of 2023, 2024, and 2025.

Critical accounting estimates

The preparation of the interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the share awards and warrant liabilities are determined at the date of grant using generally accepted valuation techniques and for warrant liabilities at each balance sheet date thereafter. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Warrants and accrued liabilities

Estimating the fair value of derivative warrant liability requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the issuance. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrants and conversion feature derivative liability, volatility and dividend yield and making assumptions about them.

The Company has to make estimates to accrue for certain expenditures due to delay in receipt of third-party vendor invoices. These accruals are made based on trends, history and knowledge of activities. Actual results may be different.

The Company makes monthly estimates of its water treatment costs, with a true-up to the annual invoice received from the IDEQ. Using the actual costs in the annual invoice, the Company will then reassess its estimate for future periods.

Complex Financing Transactions

The Company has engaged in a series of complex financing transactions, which involve the issuance of certain conversion features embedded in the debt, including options to receive interest payments in the form of the Company's shares and to purchase a gross revenue royalty in the Bunker Hill Mine. These instruments require evaluation to determine fair values of the debt and the embedded conversion features, which require complex calculations of many appropriate inputs to the valuation model variables, including but not limited to the expected life of the debt instrument and conversion feature derivative liability, volatility of the Company's shares, effective discount rates, probabilities of operational assumptions as related to an anticipated royalty revenue stream, the Company's own credit risk and other inputs. The Company has to make estimates of each of these inputs in applying a valuation model to account for the derivative values, the presentation of these values, the periodic changes to the fair values and the recognition of these changes.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Securities and Exchange Commission ("SEC") defines the term "disclosure controls and procedures" to mean a company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, the Company made an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures over financial reporting for the timely alert to material information required to be included in the Company's periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported within the time periods specified. This evaluation resulted in the identification of significant deficiencies. Based on the context in which the individual deficiencies occurred, management has concluded that these are significant deficiencies. The Company's CEO and CFO are in the process of making significant improvements to the disclosure controls and procedures in order to provide reasonable assurance of the effectiveness of the controls and procedures.

Changes in Internal Control Over Financial Reporting

Mitigating these significant deficiencies, however, is that, commencing in December of 2021, the Company has replaced certain accounting resources by engaging qualified finance and accounting staff who are experienced in established and proven internal controls and accounting procedures with other companies in the same industry. As the work product of these qualified staff are reflected in Company transactions more fully in 2022, management will be able to address these remaining significant deficiencies.

As part of the afore-mentioned engagement, Management has engaged a third-party firm to assist in developing Disclosure Controls and Procedures and Internal Controls Over Financial Reporting. The Company intends to remedy these significant deficiencies dependent on having the financial resources available to complete them.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Other than as described below, neither the Company nor its property is the subject of any current, pending, or threatened legal proceedings. The Company is not aware of any other legal proceedings in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of the Company's voting securities, or any associate of any such director, officer, affiliate or security holder of the Company, is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

On July 28, 2021, a lawsuit was filed in the US District Court for the District of Idaho brought by Crescent Mining, LLC ("Crescent"). The named defendants include Placer Mining, Robert Hopper Jr., and the Company. The lawsuit alleges that Placer Mining and Robert Hopper Jr. intentionally flooded the Crescent Mine during the period from 1991 and 1994, and that the Company is jointly and severally liable with the other defendants for unspecified past and future costs associated with the presence of AMD in the Crescent Mine. The plaintiff has requested unspecified damages. On September 20, 2021, the Company filed a motion to dismiss Crescent's claims against it, contending that such claims are facially deficient. On March 2, 2022, Chief US District Court Judge, David C. Nye granted in part and denied in part the Company's motion to dismiss. The court granted the Company's motion to dismiss Crescent's Cost Recovery claim under CERCLA Section 107(a), Declaratory Judgment, Tortious Interference, Trespass, Nuisance and Negligence claims. These claims were dismissed without prejudice. The court denied the motion to dismiss filed by Placer Mining Corp. for Crescent's trespass, nuisance and negligence claims. Crescent later filed an amended complaint on April 1, 2022. Placer Mining Corp. and Bunker Hill Mining Corp are named as co-defendants. Bunker Hill responded to the amended filing, refuting and denying all allegations made in the complaint except those that are assertions of fact as a matter of public record. The Company believes Crescent's lawsuit is without merit and intends to vigorously defend itself, as well as Placer Mining Corp. pursuant to the Company's indemnification of Placer Mining Corp in the Sale and Purchase agreement executed between the companies for the Mine on December 15, 2021.

On October 26, 2021, the Company asserted claims against Crescent in a separate lawsuit. Bunker Hill Mining Corporation v. Venzee Technologies Inc. et al, Case No. 2:21-cv-209-REP, filed in the same court on May 14, 2021. The Company has subsequently executed a tolling agreement with Venzee in exchange for dropping its lawsuit. The

Company originally filed this lawsuit on May 14, 2021 against other parties but has since filed an amended complaint to include its claims against Crescent.

Item 1A. Risk Factors

There are significant risks in investing in our common shares. Reference is made to the risks described in our prospectus filed with the SEC on May 31, 2022, which is incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds

Not Applicable.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the Mine Safety and Health Administration (the "MSHA"), as well as related assessments and legal actions, and mining-related fatalities.

The following table provides information for the three months ended September 30, 2022.

Mine	Mine Act §104 Violations (1)	Mine Act §104(b) Orders (2)	Mine Act §104(d) Citations and Orders (3)	Mine Act §110(b)(2) Violations (4)	Mine Act §107(a) Orders (5)	Proposed Assessments from MSHA (In dollars $)	Mining Related Fatalities	Mine Act §104(e) Notice (yes/no) (6)	Pending Legal Action before Federal Mine Safety and Health Review Commission (yes/no)
Bunker Hill Mine	0	0	0	0	0	0	0	No	No

(1) The total number of violations received from MSHA under §104 of the Mine Act, which includes citations for health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.

(2) The total number of orders issued by MSHA under §104(b) of the Mine Act, which represents a failure to abate a citation under §104(a) within the period of time prescribed by MSHA.

(3) The total number of citations and orders issued by MSHA under §104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.

(4) The total number of flagrant violations issued by MSHA under §110(b)(2) of the Mine Act.

(5) The total number of orders issued by MSHA under §107(a) of the Mine Act for situations in which MSHA determined an imminent danger existed.

(6) A written notice from the MSHA regarding a pattern of violations, or a potential to have such pattern under §104(e) of the Mine Act.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Document
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance 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)

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 4, 2022

BUNKER HILL MINING CORP.

By */s/ Sam Ash*
Sam Ash, Chief Executive Officer and President

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 4, 2022

BUNKER HILL MINING CORP.

By */s/ David Wiens*
David Wiens, Chief Financial Officer and Corporate Secretary

Exhibit 31.1

CERTIFICATION

I, Sam Ash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bunker Hill Mining Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2022

By:*/s/ Sam Ash*

Sam Ash, Chief Executive Officer, President and Principal Executive Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

CERTIFICATION

I, David Wiens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bunker Hill Mining Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2022

By:*/s/ David Wiens*

David Wiens, Chief Financial Officer, Principal Financial Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bunker Hill Mining Corp., (the "Company") on Form 10-Q for the period ending September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sam Ash, Chief Executive Officer, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Bunker Hill Mining Corp.

/s/ Sam Ash DATE:November 4, 2022

Sam Ash, Chief Executive Officer and President

A signed original of this written statement required by Section 906 has been provided to Bunker Hill Mining Corp. and will be retained by Bunker Hill Mining Corp. to be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bunker Hill Mining Corp., (the "Company") on Form 10-Q for the period ending September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Wiens, Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Bunker Hill Mining Corp.

/s/ David Wiens DATE:November 4, 2022

David Wiens, Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Bunker Hill Mining Corp. and will be retained by Bunker Hill Mining Corp. to be furnished to the Securities and Exchange Commission or its staff upon request.