
**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 **March 31, 2023**

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

(State of other jurisdiction
of incorporation or organization)

32-0196442

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

**82 Richmond Street East
Toronto, Ontario, Canada**

(Address of Principal Executive Offices)

M5C 1P1

(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 May 12, 2023: 256,099,174

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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, 2022, and all amendments thereto.

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

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 3,592,558	\$ 708,105
Restricted cash	6,476,000	6,476,000
Accounts receivable and prepaid expenses (note 3)	515,491	556,947
Total current assets	10,584,049	7,741,052
Non-current assets		
Spare parts inventory	341,004	341,004
Equipment (note 4)	566,516	551,204
Right-of-use asset (note 4)	108,536	-
Long term deposit	269,015	269,015
Bunker Hill Mine and mining interests (note 5)	15,966,737	15,896,645
Process plant (note 4)	9,093,941	8,130,972
Total assets	\$ 36,929,798	\$ 32,929,892
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable	\$ 5,748,304	\$ 4,523,502
Accrued liabilities	1,825,499	1,500,164
Current portion of lease liability (note 8)	58,531	-
Interest payable (note 7)	595,358	1,154,477
Derivative warrant liability (note 9)	1	903,697
Deferred share units liability (note 11)	374,464	573,742
Promissory notes payable (note 7)	1,500,000	1,500,000
Total current liabilities	10,102,157	10,155,582
Non-current liabilities		
Bridge loan	4,731,579	4,684,446
Series 1 convertible debenture (note 7)	5,093,130	5,537,360
Series 2 convertible debenture (note 7)	13,177,407	14,063,525
Royalty convertible debenture (note 7)	9,119,412	10,285,777
Environment protection agency cost recovery liability, net of discount (note 6)	8,315,772	7,941,466
Derivative warrant liability (note 9)	5,612,778	6,438,679
Total liabilities	56,152,235	59,106,835
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; 256,099,174 and 229,501,661 common shares issued and outstanding, respectively (note 9)	255	228
Additional paid-in-capital (note 9)	48,033,043	45,161,513
Special warrants (note 9)	1,484,788	-
Accumulated other comprehensive income	1,060,887	253,875
Accumulated deficit	(69,801,410)	(71,592,559)
Total shareholders' deficiency	(19,222,437)	(26,176,943)
Total shareholders' deficiency and liabilities	\$ 36,929,798	\$ 32,929,892

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	
	March 31,	
	2023	2022
Operating expenses		
Operation and administration	\$ 879,992	\$ 259,712
Mine preparation	-	2,507,079
Legal and accounting	534,911	362,736
Consulting and wages	770,585	2,357,147
Loss from operations	(2,185,488)	(5,486,674)
Other income or gain (expense or loss)		
Change in derivative liability (note 9)	4,226,574	3,454,008
Gain on FV of convertible debentures (note 7)	1,689,701	-
Gain on modification of warrants (note 9)	214,714	-
Gain on foreign exchange	(2,886)	27,920
Loss on FV of debenture derivative	-	(73,469)
Interest expense (note 7)	(1,324,629)	(735,237)
Financing costs (note 9)	(576,751)	-
Debenture finance costs	-	(67,434)
Loss on debt settlement (note 7)	(250,086)	-
Net income (loss) for the period	1,791,149	(2,880,886)
Other comprehensive income (loss), net of tax		
Gain on change in FV on own credit risk (note 7)	807,012	-
Other comprehensive income (loss)	807,012	-
Comprehensive income (loss)	2,598,161	(2,880,886)
Net income/(loss) per common share – basic	\$ 0.01	\$ (0.02)
Net income/(loss) per common share – fully diluted	\$ 0.01	\$ (0.02)
Weighted average common shares – basic	212,429,683	164,435,826
Weighted average common shares – fully diluted	314,666,701	165,076,880

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating activities		
Net income (loss) for the period	\$ 1,791,149	\$ (2,880,886)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation (note 10)	34,391	(54,735)
Depreciation expense	51,076	78,457
Change in fair value of warrant liability	(4,226,574)	(3,454,008)
Gain on warrant extinguishment	(214,714)	-
Units issued for services	68,656	-
Interest expense on lease liability (note 8)	3,611	1,317
Financing costs	(384,984)	
Foreign exchange loss (gain)	-	(27,920)
Foreign exchange loss (gain) on re-translation of lease	-	718
Loss on debt settlement	250,086	-
Amortization of EPA discount	374,307	138,427
(Gain) loss on fair value of derivatives	(1,689,701)	73,469
Imputed interest expense on convertible debentures	-	468,116
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	236,893	6,905
Prepaid finance costs	-	(524,674)
Accounts payable	954,046	(383,159)
Accrued liabilities	498,412	1,545,801
Accrued EPA/IDEQ water treatment	-	75,000
EPA cost recovery payable	-	(2,000,000)
Interest payable	892,753	97,493
Net cash used in operating activities	(1,360,593)	(6,839,679)
Investing activities		
Deposit on plant	-	(500,000)
Land purchase	-	(202,000)
Bunker Hill mine purchase	-	(5,524,322)
Process plant	(93,765)	-
Mine improvements	(280,466)	-
Purchase of machinery and equipment	(60,004)	(153,350)
Net cash used in investing activities	(434,235)	(6,379,672)
Financing activities		
Proceeds from convertible debentures	-	14,000,000
Proceeds from issuance of special warrants	3,661,822	-
Proceeds from warrants exercise	837,459	-
Proceeds from promissory note	240,000	-
Proceeds from subscriptions received	-	1,775,790
Lease payments	(60,000)	(32,422)
Net cash provided by financing activities	4,679,281	15,743,368
Net change in cash	2,884,453	2,524,017
Cash, beginning of period	7,184,105	486,063

Cash, end of period	\$	10,068,558	\$	3,010,080
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Supplemental disclosures

Non-cash activities

Accounts payable, accrued liabilities, and promissory notes settled with special warrants issuance	\$	874,198	\$	-
Interest payable settled with common shares	\$	1,368,724	\$	-

Reconciliation from Cash Flow Statement to Balance Sheet:

Cash and restricted cash end of period	\$	10,068,558	\$	3,010,080
Less restricted cash		6,476,000		-
Cash end of period	\$	3,592,558	\$	3,010,080

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 capital	Stock subscriptions payable	Special warrants	Accumulated other comprehensive income	Accumulated deficit	Total
	Shares	Amount						
Balance, December 31, 2022	229,501,661	\$ 228	\$45,161,513	-	\$ -	253,875	\$ (71,592,559)	\$(26,176,943)
Stock-based compensation	-	-	233,668	-	-	-	-	233,668
Compensation options	-	-	111,971	-	-	-	-	111,971
Shares issued for interest payable	16,180,846	16	1,618,811	-	-	-	-	1,618,827
Shares issued for warrant exercise	10,416,667	11	907,080	-	-	-	-	907,091
Special warrants	-	-	-	-	1,484,788	-	-	1,484,788
Gain on fair value from change in credit risk	-	-	-	-	-	807,012	-	807,012
Net income for the period	-	-	-	-	-	-	1,791,149	1,791,149
Balance, March 31, 2023	256,099,174	\$ 255	\$48,033,043	\$ -	\$1,484,788	\$ 1,060,887	\$ (69,801,410)	\$(19,222,437)
Balance, December 31, 2021	164,435,826	\$ 164	\$38,248,618	\$ -	\$ -	-	\$ (72,491,150)	\$(34,242,368)
Stock-based compensation	-	-	145,186	-	-	-	-	145,186
Stock subscription received for units	-	-	-	1,775,790	-	-	-	1,775,790
Net loss for the period	-	-	-	-	-	-	(2,880,886)	(2,880,886)
Balance, March 31, 2022	164,435,826	\$ 164	\$38,393,804	\$ 1,775,790	\$ -	-	\$ (75,372,036)	\$(35,202,278)

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

Bunker Hill Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2023
(Expressed in United States Dollars)

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. (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 \$69,801,410 as at March 31, 2023 and further losses are anticipated in the development of its business. 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 (see note 7). These unaudited 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.

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. Significant Accounting Policies:

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, 2022. The interim results for the period ended March 31, 2023, 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes for items such as mineral reserves, useful lives and depreciation methods, potential impairment of long-lived assets, deferred income taxes, settlement pricing of commodity sales, fair value of stock based compensation, accrued liabilities, estimation of asset retirement obligations and reclamation liabilities, convertible debentures, and warrants. Estimates are based on historical experience and various other assumptions that the Company believes to be reasonable. Actual results could differ from those estimates.

3. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses consists of the following:

	March 31, 2023	December 31, 2022
Prepaid expenses and deposits	\$ 485,491	\$ 386,218
Environment protection agency overpayment (note 6)	30,000	170,729
Total	<u>\$ 515,491</u>	<u>\$ 556,947</u>

4. Equipment, Right-of-Use asset and Process Plant

Equipment consists of the following:

	March 31, 2023	December 31, 2022
Equipment	\$ 980,575	\$ 920,571
	980,575	920,571
Less accumulated depreciation	(414,059)	(369,367)
Equipment, net	<u>\$ 566,516</u>	<u>\$ 551,204</u>

The total depreciation expense relating to equipment during the three months ended March 31, 2023 and March 31, 2022 was \$44,692 and \$54,015, respectively.

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.

The purchase of the mill has been valued at:

- Cash consideration given, comprised of \$500,000 non-refundable 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 at the time of purchase was determined to be \$3,974,296, including \$341,004 of spare parts inventory.

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 sheets as a non-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.

Process plant consists of the following:

	March 31, 2023	December 31, 2022
Plant purchase price less inventory	\$ 3,633,292	\$ 3,633,292
Demobilization	2,204,539	2,201,414
Site preparation costs	3,256,110	2,296,266
Pend Oreille plant asset, net	<u>\$ 9,093,941</u>	<u>\$ 8,130,972</u>

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. The first two payments were made as follows:

- \$100,000 on September 15, 2022 as a non-refundable long-term deposit
- \$100,000 on October 13, 2022, as a refundable long-term deposit

As of March 31, 2023, the Company had not made the final payment of \$475,000.

Right-of-use asset consists of the following:

	March 31, 2023	December 31, 2022
Loader lease	114,920	-
Loader accumulated depreciation	(6,384)	-
Right-of-use asset, net	<u>\$ 108,536</u>	<u>\$ -</u>

The total depreciation expense during the three months ended March 31, 2023 and March 31, 2022 was \$6,384 and \$24,442 (relating to an expired lease), respectively.

5. Bunker Hill Mine and 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.

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 purchase of the mine has been valued on January 7, 2022:

- Contract purchase price of \$7,700,000 less \$300,000 credit by seller for prior maintenance payments.
- Net present value of water treatment cost recovery liability assumed of \$6,402,425.
- Capitalized legal and closing costs of \$444,785.
- As a result, the total value of the mine at the time of purchase was determined to be \$14,247,210.

The carrying cost of the Mine is comprised of the following:

	March 31, 2023	December 31, 2022
Bunker Hill Mine and Mining interests	\$ 14,247,210	\$ 14,247,210
Capitalized development	1,517,526	1,447,435
Pend Oreille plant asset, net	<u>\$ 15,764,736</u>	<u>\$ 15,694,645</u>

Management has determined the purchase to be an acquisition of a single asset.

Land purchase and leases

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.

During the three months ended March 31, 2023, the Company entered into a lease agreement with C & E Tree Farm LLC for the lease of a land parcel overlaying a portion of the Company’s existing mineral claims package. The Company is committed to making monthly payments of \$10,000 through February 2026. The Company has the option to purchase the land parcel through March 1, 2026, for \$3,129,500 less 50% of the payments made through the date of purchase.

6. Environmental Protection Agency and Water Treatment Liabilities (“EPA”)

Historical Cost Recovery Payables - EPA

As a part of the lease of the Mine, the Company was required to make payments pursuant to an agreement with 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 consolidated balance sheets 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. 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. This was capitalized as \$6,402,425 to the carrying value of the Bunker Hill Mine at time of purchase, comprised of \$3,000,000 of incremental current liabilities and \$5,000,000 of non-current liabilities (discounted to \$3,402,425). See note 5.

During the year ended 2022, the financial assurance was put into place, enabling the restructuring of the payment stream under the Amendment Settlement with the entire \$17,000,000 liability being recognized as long-term in

nature. As of March 31, 2023 (unchanged from December 31, 2022), the Company had two payment bonds of \$9,999,000 and \$5,000,000, and a \$2,001,000 letter of credit, in place to secure this liability. The collateral for the payment bonds is comprised of two letters of credit of \$4,475,000 in aggregate, as well as 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 letters of credit of \$6,476,000 in aggregate are secured by cash deposits under an agreement with a commercial bank, which comprise the \$6,476,000 of restricted cash shown within current assets as of March 31, 2023.

The Company recorded discount amortization expense of \$374,306 on the discounted liability, bringing the net liability to \$8,315,772 (inclusive of interest payable of \$156,343).

Water Treatment Charges – IDEQ

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 were 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 currently makes monthly payments of \$100,000 to the IDEQ as instalments toward the cost of treating water at the Central Treatment Plant. Upon receipt of an invoice from the IDEQ for actual costs incurred, a reconciliation is performed relative to payments made, with an additional payment made or refund received as applicable. The Company accrues \$100,000 per month based on its estimate of the monthly cost of water treatment. As of March 31, 2023 a prepaid expense of \$30,000 (December 31, 2022: \$170,729) represents the difference between the estimated cost of water treatment and net payments made by the Company to the IDEQ to date. This balance has been recognized on the consolidated balance sheets as accounts receivable and prepaid expenses.

7. Promissory Notes Payable and Convertible Debentures

Promissory Notes

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 Company purchased a land parcel for approximately \$202,000 on March 3, 2022, which may be used as security for the promissory note. The promissory note was originally scheduled to mature on March 15, 2022, however was extended multiple times and is currently due on June 15, 2023. Principal payments of \$1,000,000 in aggregate were made in the year ended December 31, 2022.

At March 31, 2023, the Company owes \$1,500,000 in promissory notes payable, which is included in current liabilities on the condensed interim consolidated balance sheets. Interest expense for the three months ended March 31, 2023 and 2022 was \$55,479 and \$92,466, respectively. At March 31, 2023 financing costs of \$439,521 (\$384,041 at December 31, 2022) is included in interest payable on the condensed consolidated balance sheet. The effective interest rate of the promissory note is 15%.

On February 21, 2023, the Company issued a non-convertible promissory note to a related party in the amount of \$120,000, and a separate non-convertible promissory note in the amount of \$120,000 to another party. Each promissory note bore fixed interest of \$18,000 per annum, payable at maturity, which was the earlier of one year or the receipt of an equity or debt financing. Both promissory notes, including interest, were settled on March 27, 2023.

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 expected 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

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.

\$6,000,000 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 CD1 should not be treated as an extinguishment of the CD1, and have therefore been accounted for as a modification.

\$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 Derivatives and Hedging, 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(3)	12-31-22	03-31-25	7.50%	0.125	120%	7.08%	4.32%	17.85%
RCD note	12-31-22	03-31-25	9.00%	0.125	120%	7.08%	4.32%	17.85%
CD2								
note(3)	12-31-22	03-31-25	10.50%	0.125	120%	7.08%	4.32%	19.76%
CD1								
note(3)	03-31-23	03-31-25	7.50%	0.082	115%	11.22%	4.06%	21.33%
RCD note	03-31-23	03-31-25	9.00%	0.082	115%	11.22%	4.06%	21.33%
CD2								
note(3)	03-31-23	03-31-25	10.50%	0.082	115%	11.22%	4.06%	23.20%

- (1) The CD1 carried a Discount for Lack of Marketability (“DLOM”) of 5.0% as of the issuance date and as of March 31, 2022. The CD2 carried a DLOM of 10.0% as of the issuance date and June 30, 2022
- (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 as of December 31, 2022
- (4) A project risk rate of 13.0% was used for all scenarios of the RCD fair value computations
- (5) The valuation of the RCD is driven by the aggregation of (i) the present value of future potential cash flow to the royalty holder, in the event that the RCD is converted to a royalty, utilizing an estimate of future metal sales and Monte Carlo simulations of future metal prices, and (ii) the computation of the present value assuming no conversion to the 1.85% gross revenue royalty. The valuation of (i) is compared to the valuation of (ii) for each simulation, with the higher value used in the aggregation to arrive at the fair value of the RCD. This results in an implied probability of the RCD being converted to the royalty, in the event that the Stream is advanced. Based on this methodology, as of December 31, 2022, the implied probability of the RCD being converted to a 1.85% royalty, in the event that the Stream is advanced, was 89%. Credit spread, Risk-free rate, and Risk-adjusted rate shown for the RCD are applicable to the scenario where the Stream is not advanced. There are immaterial differences in these inputs for the scenario where the Stream is advanced. As of March 31, 2023, these were 11.38%, 4.85%, and 22.18% respectively for the Scenario where the Stream is advanced

The resulting fair values of the CD1, RCD, and CD2 at March 31, 2023, and as of December 31, 2022, were as follows:

Instrument Description	March 31, 2023	December 31, 2022
CD1	\$ 5,093,130	\$ 5,537,360
RCD	9,119,412	10,285,777
CD2	13,117,407	14,063,525
Total	<u>\$ 27,389,949</u>	<u>\$ 29,886,662</u>

The total gain on fair value of debentures recognized during the three months ended March 31, 2023 and March 31, 2022, was \$1,689,701 and \$nil, 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 months ended March 31, 2023 and March 31, 2022, the Company recognized \$807,012 and \$nil respectively, within other comprehensive income. Interest expense for the three months ended March 31, 2023 and 2022 was \$676,849 and \$240,164 respectively. At March 31, 2023 interest of \$nil (\$691,890 at December 31, 2022) is included in interest payable on the consolidated balance sheets. For the three months ended March 31, 2023, and March 31, 2022, the Company recognized \$250,086 and \$nil, respectively, loss on debt settlement in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) as a result of settling interest by issuance of shares.

The Company performs quarterly testing of the covenants in the RCD, CD1 and CD2, and was in compliance with all such covenants as of March 31, 2023.

\$5,000,000 Bridge Loan

On December 6, 2022, the Company closed a new \$5,000,000 loan facility with Sprott (the "Bridge Loan"). The Bridge Loan is secured by the same security package that is in place with respect to the RCD, CD1, and CD2. The Bridge Loan bears interest at a rate of 10.5% per annum and matures at the earlier of (i) the advance of the Stream, or (ii) June 30, 2024. In addition, the minimum quantity of metal delivered under the Stream, if advanced, would increase by 5% relative to amounts previously announced. Interest expense for three months ended March 31, 2023 and 2022 was \$178,383 and \$nil respectively. At March 31, 2023 interest of \$131,250 (\$53,985 at December 31, 2022) is included in interest payable on the consolidated balance sheets.

\$37,000,000 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 March 31, 2023, the Stream had not been advanced.

8. Lease liability

The Company has operating leases for a loader. Below is a summary of the Company's lease liability as of March 31, 2023:

	<u>Leases</u>
Balance, December 31, 2022	\$ -
Addition	114,920
Interest expense	3,611
Lease payments	(60,000)
Balance, March 31, 2023	<u>58,531</u>

9. Capital Stock, Warrants and Stock Options

Authorized

The total authorized capital is as follows:

- 1,500,000,000 Common Shares 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 March 2023, the Company amended the exercise price and expiry date of 10,416,667 warrants which were previously issued in a private placement to Teck Resources (“Teck”) on May 13, 2022 in consideration for the Company’s acquisition of the Pend Oreille process plant. The warrant entitled the holder thereof to purchase one share of Common Share of the Company at an exercise price of C\$0.37 per Warrant at any time on or prior to May 12, 2025. The Company amended the exercise price of the warrants from C\$0.37 to C\$0.11 per Warrant and the expiry date from May 12, 2025, to March 31, 2023, resulting in a gain on modification of warrants of \$214,714. In March 2023, Teck exercised all 10,416,667 warrants at an exercise price of C\$0.11, for aggregate gross proceeds of C\$1,145,834 to the Company. During the quarter the Company recognized a change in derivative liability of \$400,152 relating to the Teck warrants using the following assumptions: volatility of 120%, stock price of C\$0.11, interest rate of 3.42% to 4.06%, and dividend yield of 0%.

In March 2023, the Company closed a brokered private placement of special warrants of the Company (the “March 2023 Offering”), issuing 51,633,727 special warrants of the Company (“March 2023 Special Warrants”) at C\$0.12 per March 2023 Special Warrant for \$4,536,020 (C\$6,196,047), of which \$3,661,822 was received in cash and \$874,198 was applied towards settlement of accounts payable, accrued liabilities and promissory notes.

In connection with the Offering, each March 2023 Special Warrant is automatically exercisable (without payment of any further consideration and subject to customary anti-dilution adjustments) into one unit (“March 2023 Unit”) of the Company on the earlier date of: (i) the third business day following the date upon which the Company has obtained notification that a resale registration statement of the Company to be filed with the U.S. SEC (the “SEC”) registering the resale of the Underlying Shares (as defined below) issuable upon exercise of the March 2023 Special Warrants and the securities issuable thereunder, has been declared effective by the SEC; and (ii) September 27, 2023 (collectively, the “Automatic Exercise Date”), subject to compliance with U.S. securities laws.

Each March 2023 Unit consists of one share of Common Share of the Company (each, a “Unit Share”) and one common stock purchase warrant of the Company (each, a “Warrant”). Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company (a “Warrant Share”, and together with the Unit Shares, the “Underlying Shares”) at an exercise price of C\$0.15 per Warrant Share until March 27, 2026, subject to adjustment in certain events. In the event that the Registration Statement has not been declared effective by the SEC on or before 5:00 p.m. (EST) on July 27, 2023, each unexercised Special Warrant will be deemed to be exercised on the Automatic Exercise Date into one penalty unit of the Company (each, a “Penalty Unit”), with each Penalty Unit being comprised of 1.2 Unit Shares and 1.2 Warrants.

In connection with the March 2023 Offering, the Company incurred share issuance costs of \$585,765 and issued 2,070,258 compensation options (the “March 2023 Compensation Options”). Each March 2023 Compensation Option is exercisable at an exercise price of C\$0.12 into one Unit Share and one Warrant Share.

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 condensed interim consolidated statements of income (loss) and comprehensive income (loss) as a gain or loss and is estimated using the Binomial model.

The fair value of the warrant liabilities related to the various tranches of warrants issued during the period were estimated using the Binomial model to determine the fair value using the following assumptions as at March 31, 2023 and December 31, 2022:

April 2022 special warrants issuance	March 31, 2023	December 31, 2022
Expected life	732 days	822 days
Volatility	120%	120%
Risk free interest rate	3.74%	4.06%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 1,174,663	\$ 2,406,104
Change in derivative liability	\$ (1,231,441)	

April 2022 non-brokered issuance	March 31, 2023	December 31, 2022
Expected life	732 days	822 days
Volatility	120%	120%
Risk free interest rate	3.74%	4.06%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 45,673	\$ 93,553
Change in derivative liability	\$ (47,880)	

June 2022 issuance	March 31, 2023	December 31, 2022
Expected life	732 days	822 days
Volatility	120%	120%
Risk free interest rate	3.74%	3.72%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 35,101	\$ 77,429
Change in derivative liability	\$ (42,328)	

February 2021 issuance	March 31, 2023	December 31, 2022
Expected life	1,046 days	1,136 days
Volatility	120%	120%
Risk free interest rate	3.51%	3.72%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 682,573	\$ 1,335,990
Change in derivative liability	\$ (653,416)	

August 2020 issuance	March 31, 2023	December 31, 2022
Expected life	153 days	243 days
Volatility	120%	120%
Risk free interest rate	3.74%	4.06%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 1	\$ 903,697
Change in derivative liability	\$ (903,696)	

June 2019 issuance	March 31, 2023	December 31, 2022
Expected life	1,006 days	1,096 days
Volatility	120%	120%
Risk free interest rate	3.51%	3.82%
Dividend yield	0%	0%

Share price (C\$)	\$	0.105	\$	0.17
Fair value	\$	338,608	\$	725,737
Change in derivative liability	\$	(387,129)		

August 2019 issuance	March 31, 2023	December 31, 2022
Expected life	1,006 days	1,096 days
Volatility	120%	120%
Risk free interest rate	3.51%	3.82%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.17
Fair value	\$ 520,399	\$ 1,115,369
Change in derivative liability	\$ (594,970)	

Outstanding warrants at March 31, 2023 and March 31, 2022 were as follows:

	Number of warrants	Weighted average exercise price (C\$)	Weighted average grant date value (\$)
Balance, December 31, 2021	111,412,712	\$ 0.54	\$ 0.18
Expired	(239,284)	0.70	0.21
Balance, March 31, 2022	111,173,428	0.52	0.18
Balance, December 31, 2022	162,129,064	\$ 0.49	\$ 0.17
Exercised	(10,416,667)	0.11	0.12
Balance, March 31, 2023	151,712,397	\$ 0.50	\$ 0.17

During the three months ended March 31, 2023, 10,416,667 May 2022 Teck warrants were exercised. During the three months ended March 31, 2022, 239,284 February 2020 broker warrants expired.

At March 31, 2023, 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	40,538,969	40,538,969
		151,712,397	151,712,379

March 2023 Special Warrants

The Company closed a private placement of the March 2023 Special Warrants on March 27, 2023, which will convert to Common Shares and common stock purchase warrants in the third quarter of 2023 as described above. As a result, as of March 31, 2023, the Common Shares and common stock purchase warrants had not been issued. In accordance with its accounting policies, the Company has determined the fair value of the March 2023 Special Warrants as of March 31, 2023, through the valuation of the underlying Common Shares and common stock purchase warrants.

As of March 31, 2023, there were 51,633,727 March 2023 Special Warrants outstanding (\$nil as of December 31, 2022). The fair value of the underlying warrant liability related to the March 2023 Special Warrants was estimated using the Binomial model to determine the fair value using the following assumptions as at March 31, 2023 and December 31, 2022:

March 2023 special warrants issuance	March 31, 2023	Grant Date
Expected life	1,092 days	1096 days
Volatility	120%	120%
Risk free interest rate	3.51%	3.40%
Dividend yield	0%	0%
Share price (C\$)	\$ 0.105	\$ 0.11
Fair value	\$ 2,815,761	\$ 2,781,323
Change in derivative liability	\$ 34,438	\$ -

Compensation options

At March 31, 2023, the following broker options were outstanding:

	Number of broker options	Weighted average exercise price (C\$)
Balance, December 31, 2021	3,590,907	0.35
Issued – April 2022 Compensation Options	1,879,892	0.30
Balance, December 31, 2022	5,470,799	\$ 0.34
Issued – March 2023 Compensation Options	2,070,258	0.12
Balance, March 31, 2023	<u>7,541,057</u>	<u>0.28</u>

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(i) The grant date fair value of the March 2023 Compensation Options were estimated at \$111,971 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
March 2023	3.4%	0%	120%	C\$0.11	3 years

Expiry date	Exercise price (C\$)	Number of broker options	Grant date 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
March 27, 2026 ^(v)	\$ 0.12	2,070,057	\$ 111,971
		<u>7,541,057</u>	<u>\$ 966,477</u>

- i) Exercisable into one August 2020 Unit
- ii) Exercisable into one February 2021 Unit
- iii) Exercisable into one April 2022 Unit
- iv) Exercisable into one March 2023 Unit

Stock options

The following table summarizes the stock option activity during the three months ended March 31, 2023:

	<u>Number of stock options</u>	<u>Weighted average exercise price (C\$)</u>
Balance, December 31, 2022	9,053,136	\$ 0.58
Granted	700,000	\$ 0.15
Expired, May 1, 2022	(47,000)	\$ 10.00
Forfeited	(150,000)	\$ 0.15
Expired, December 31, 2022	<u>(235,500)</u>	<u>\$ 0.50</u>
Balance, December 31, 2022	9,320,636	\$ 0.51
Balance, March 31, 2023	<u>9,320,636</u>	<u>\$ 0.51</u>

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The following table reflects the actual stock options issued and outstanding as of March 31, 2023:

<u>Exercise price (C\$)</u>	<u>remaining contractual life (years)</u>	<u>Number of options outstanding</u>	<u>Number of options vested (exercisable)</u>	<u>Grant date fair value (\$)</u>
0.60	0.50	200,000	200,000	52,909
0.60	1.57	1,575,000	1,575,000	435,069
0.55	2.06	5,957,659	2,978,830	1,536,764
0.335	2.89	1,037,977	1,037,977	204,213
0.15	0.65	150,000	150,000	14,465
0.15	4.65	400,000	200,000	37,387
		<u>9,320,636</u>	<u>6,141,807</u>	<u>\$ 2,280,807</u>

10. 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 three months ended March 31, 2023:

	<u>Number of shares</u>	<u>Weighted average grant date fair value per share (C\$)</u>
Unvested as at December 31, 2021	576,000	\$ 0.62
Granted	6,620,641	0.17
Vested	<u>(2,373,900)</u>	<u>0.18</u>
Unvested as at December 31, 2022	4,822,741	\$ 0.22
Unvested as at March 31, 2023 ⁽ⁱ⁾	<u>4,822,741</u>	<u>\$ 0.22</u>

- (i) On January 10, 2022, the Company granted 500,000 RSUs to a consultant of the Company, vested immediately. The vesting of these RSUs resulted in stock-based compensation of \$122,249 for the

year ended December 31, 2022, which is included in operation and administration expenses on the consolidated statements of income (loss) and comprehensive income (loss).

- (ii) Includes 1,507,580 RSU's which had vested as of March 31, 2023 but had not been converted to Common Shares.

11. 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 three months ended March 31, 2023 and 2022:

	Number of shares	Weighted average grant date fair value per share (C\$)
Unvested as at December 31, 2021	5,625,000	\$ 1.03
Vested (ii)	(625,000)	1.03
Unvested as at March 31, 2022	5,000,000	\$ 1.03
Unvested as at December 31 2022 and March 31, 2023	2,710,000	\$ 1.00

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

12. 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 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.

During the three months ended March 31, 2023, the Company entered into a lease agreement with C & E Tree Farm LLC for the lease of a land parcel overlaying a portion of the Company’s existing mineral claims package. The Company is committed to making monthly payments of \$10,000 through February 2026.

13. 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 March 31, 2023	Three Months Ended March 31, 2022
Consulting Fees and Salaries	\$ 215,448	\$ 1,097,610

At March 31, 2023 and March 31, 2022, \$248,533 and \$825,776 respectively is owed to key management personnel with all amounts included in accounts payable and accrued liabilities.

14. Subsequent Events

None.

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.

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

Corporate Information

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.

Background and Overview

The Company's sole focus is the development and restart of its 100% owned flagship asset, the Bunker Hill mine (the "Mine") in Idaho, USA. 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.

The Company purchased the Bunker Hill Mine on January 7, 2022 for \$5,400,000 in cash. 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 most recent of these agreements, the Company was required to make 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. 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" in the "Our Business" section above).

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 conducted multiple exploration campaigns, published multiple economic studies and Mineral Resource Estimates, and advanced the rehabilitation and development of the Mine. In December 2021, it announced a project finance package with Sprott Private Resource Streaming & Royalty Corp., an amended Settlement Agreement with the EPA, and the purchase of the Bunker Hill Mine, setting the stage for a rapid restart of the Mine.

In January 2022, with the closing of the purchase of the Bunker Hill Mine, the funding of the \$8,000,000 Royalty Convertible Debenture and \$6,000,000 Series Convertible Debenture, and the announcement of an MOU for the purchase of the Pend Oreille process plant from a subsidiary of Teck Resources Limited, the Company embarked on a program of activities with the goal of achieving a restart of the Mine. Key milestones and achievements from January 2022 onwards have included the closing of the purchase of the Pend Oreille process plant, the demobilization of the process plant to the Bunker Hill site, the completion of demolition activities at the Pend Oreille site, a Prefeasibility Study envisaging the restart of the Mine, and the completion of the primary portion of the ramp decline connecting the 5 and 6 Levels of the Bunker Hill Mine.

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 months ended March 31, 2023 and March 31, 2022. Unless otherwise stated, all figures herein are expressed in U.S. dollars, which is the Company's functional currency.

Comparison of the three months ended March 31, 2023 and 2022

Revenue

During the three months ended March 31, 2023, and 2022, respectively, the Company generated no revenue.

Expenses

During the three months ended March 31, 2023, and 2022, the Company reported total operating expenses of \$2,185,488 and \$5,486,674, respectively.

The decrease in total operating expenses was primarily due to (i) a decrease in mine preparation expenses of \$2,507,079, (ii) a decrease in consulting and wages expenses of \$1,586,562. Mine preparation expenses were \$nil in the three months ended March 31, 2023 primarily as a result of the Company determining that costs directly attributed to the mine after September 30, 2022 (upon the release of the prefeasibility study) constituted mine development (capitalized to non-current assets) instead of mine preparation costs (expense) given the existence of probable mineral reserves and an economic study incorporating them. The decrease in consulting and wages expenses was impacted by a lower volume of transactions and a lower bonus accrual in the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

Net Income and Comprehensive Income

The Company had net income of \$1,791,149 for the year three months ended March 31, 2023 (net loss of \$2,880,886 for the three months ended March 31, 2022). In addition to the decrease in operating expenses (as described above), net income in the three months ended March 31, 2023 was positively impacted by a \$772,556 increase in the gain due to change in derivative liability (\$4,226,574 for the three months ended March 31, 2023 compared to \$3,454,008 for the three months ended March 31, 2022) driven by a proportionally greater decline in the Company's share price in Q1 2023 relative to Q1 2022, a \$214,714 gain on extinguishment of Teck warrants during Q1 2023 and an increase in the gain on fair value of convertible debentures of \$1,689,701 (three months ended March 31, 2022: \$nil). This was partially offset by an increase in interest expense of \$589,392 (\$1,324,629 for the three months ended March 31, 2023 compared to \$735,237 for the three months ended March 31, 2022).

The Company had comprehensive income of \$2,598,161 for the three months ended March 31, 2023 (comprehensive loss of \$2,880,886 for the month three ended March 31, 2022). Comprehensive income for the three months ended March 31, 2023, is inclusive of a \$807,012 gain on change in fair value on own credit risk (\$nil for the three months ended March 31, 2022).

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 \$69,801,410 as at March 31, 2023 and further losses are anticipated in the development of its business. 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. 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.

Current Assets and Total Assets

As of March 31, 2023, the Company had total current assets of \$10,584,049, compared to total current assets of \$7,741,052 at December 31, 2022 – an increase of \$2,842,997; and total assets of \$36,929,798, compared to total assets of \$32,929,892 at December 31, 2022 – an increase of \$3,999,906. The increase in current assets was due to an increase in unrestricted cash as a result of the proceeds from the non-brokered private placement of units of the Company and the exercise of warrants. Total assets increased principally due to the increase in cash and additions to the process plant during the three months ended March 31, 2023.

Current Liabilities and Total Liabilities

As of March 31, 2023, the Company had total current liabilities of \$10,102,157 and total liabilities of \$56,152,235, compared to total current liabilities of \$10,155,581 and total liabilities of \$59,106,835 at December 31, 2022. Total liabilities decreased as a result of the revaluations of the convertible debentures and the derivative warrant liabilities.

Working Capital and Shareholders' Deficit

As of March 31, 2023, the Company had a working capital balance of \$481,892 and a shareholders' deficiency of \$19,222,437 compared to a working capital deficit of \$2,414,530 and a shareholders' deficiency of \$26,176,943 as of December 31, 2022. The working capital balance increased during the three months ended March 31, 2023, primarily due to the closing of a brokered private placement of special warrants of the Company and proceeds received from the exercise of warrants. The shareholders' deficiency decreased primarily due to proceeds received from equity financing in the quarter and comprehensive net income in quarter.

Cash Flow

During the three months ended March 31, 2023, the Company had a net cash increase of \$2,884,453, primarily due to the closing of a brokered private placement of special warrants of the Company and proceeds received from the exercise of warrants. Cash expenditures during the three months ended March 31, 2023 were primarily utilized to fund working capital requirements.

Subsequent Events

None.

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 sheets 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.

Convertible loans, promissory notes and warrants

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 derivative liability, volatility and dividend yield and making assumptions about them.

The fair value estimates of the convertible loans use inputs to the valuation model that include risk-free rates, equity value per common share, USD-CAD exchange rates, spot and futures prices of minerals, expected equity volatility, expected volatility in minerals prices, discount for lack of marketability, credit spread, expected mineral production over the life of the mine, and project risk/estimation risk factors.

The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's balance sheets and the consolidated statements of operations. Assets are reviewed for an indication of impairment at each reporting date. This determination requires significant judgment. Factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration activities or a significant drop in precious metal prices.

Accrued liabilities

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. Given the nature, complexity and variability of the various actual cost items included in the invoice, the Company has used the most recent invoice as its estimate of the water treatment costs for future periods.

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 conclusion that the design and operation of the disclosure controls and procedures were effective as of March 31, 2023.

Internal Control Over Financial Reporting

The management of the Company is responsible for the preparation of the financial statements and related financial information appearing in this report. The financial statements and notes have been prepared in conformity with accounting principles generally accepted in the United States of America. The management of the Company also is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. A company's internal control over financial reporting is defined as a process designed 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. The Company's internal control over financial reporting includes those policies and procedures that: i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the Company; and iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the CEO and CFO, does not expect that the Company's disclosure controls, procedures and internal control over financial reporting will prevent all error and all fraud. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable, not absolute, assurance that the objectives of the control system are met and may not prevent or detect misstatements. Further, over time, control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

With the participation of the CEO and CFO, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2023 to ensure that information required to be disclosed by the Company in the reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including to ensure that information required to be disclosed by the Company in the reports filed or submitted by the Company under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, the Company's CEO and CFO have concluded that the internal control over financial reporting was effective as of March 31, 2023.

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 its amended complaint on April 1, 2022. Placer Mining Corp. and Bunker Hill Mining Corp are named as co-defendants. Bunker Hill and Placer have until May 20, 2022 to respond to the amended filing. The Company believes Crescent Mining LLC's lawsuit against Placer Mining Corp. is without merit and intends to defend Placer Mining Corp. vigorously 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 have been no changes to our risk factors as reported in our annual report on Form 10-K for the year ended December 31, 2022.

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 March 31, 2023.

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	0	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)

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: May 12, 2023

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: May 12, 2023

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: May 12, 2023

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: May 12, 2023

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 March 31, 2023, 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: May 12, 2023
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.

**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 March 31, 2023, 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: May 12, 2023

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.
