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

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended September 30, 2022**

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

**For the transition period from to**

**Commission File No. 001-38387**

# HYCROFT MINING HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **82-2657796** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **4300 Water Canyon Road, Unit 1 Winnemucca, Nevada** | **89445** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(775) 304-0260**

(Registrant's telephone number, including area code)

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

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

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

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

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

| | | | |
|---|---|---|---|
| ☐ | Large accelerated filer | ☐ | Accelerated filer |
| ☒ | Non-accelerated filer | ☒ | Smaller reporting company |
| | | ☒ | Emerging growth company |

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

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

As of October 31, 2022, there were 199,770,599 shares of the Company's common stock and no shares of the Company's preferred stock issued and outstanding.

**HYCROFT MINING HOLDING CORPORATION**

**Quarterly Report on Form 10-Q**

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| | *(unaudited)* | |
| **Assets:** | | |
| Cash and cash equivalents | $ 153,403 | $ 12,342 |
| Accounts receivable | 978 | — |
| Income tax receivable | 1,530 | 1,530 |
| Interest receivable | 294 | — |
| Inventories - Note 3 | 12,095 | 11,069 |
| Ore on leach pads - Note 3 | — | 10,106 |
| Prepaids and deposits, net - Note 4 | 4,222 | 2,342 |
| Current assets | 172,522 | 37,389 |
| Plant and equipment, net - Note 5 | 55,481 | 58,484 |
| Restricted cash - Note 6 | 33,662 | 34,293 |
| Other assets - Note 4 | 600 | 600 |
| Assets held for sale - Note 7 | 10,183 | 11,558 |
| Total assets | $ 272,448 | $ 142,324 |
| **Liabilities:** | | |
| Accounts payable and accrued expenses | $ 5,595 | $ 9,430 |
| Contract liabilities - Note 8 | 6,682 | — |
| Debt, net - Note 10 | 2,327 | 16,666 |
| Deferred gain on sale of royalty - Note 11 | — | 125 |
| Other liabilities - Note 9 | 2,751 | 5,044 |
| Current liabilities | 17,355 | 31,265 |
| Debt, net - Notes 10 and 20 | 142,507 | 143,638 |
| Deferred gain on sale of royalty - Note 11 | 29,839 | 29,714 |
| Warrant liabilities - Notes 12 and 20 | 1,133 | 669 |
| Asset retirement obligation - Note 13 | 5,499 | 5,193 |
| Other liabilities - Note 9 | — | 339 |
| Total liabilities | $ 196,333 | $ 210,818 |
| **Commitments and contingencies - Note 22** | | |
| **Stockholders' equity (deficit):** | | |
| Common stock, $0.0001 par value; 1,400,000,000 shares authorized; 199,770,599 issued and outstanding at September 30, 2022, and 60,433,395 issued and outstanding at December 31, 2021 - Note 14 | $ 20 | $ 6 |
| Additional paid-in capital - Note 14 | 732,309 | 540,823 |
| Accumulated deficit | (656,214) | (609,323) |
| Total stockholders' equity (deficit) | 76,115 | (68,494) |
| Total liabilities and stockholders' equity (deficit) | $ 272,448 | $ 142,324 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Revenues - Note 15** | $ 8,758 | $ 31,676 | $ 21,755 | $ 86,713 |
| **Cost of sales:** | | | | |
| Production costs | 8,803 | 30,616 | 22,020 | 77,927 |
| Depreciation and amortization | 1,025 | 1,577 | 2,577 | 4,191 |
| Mine site period costs | 1,409 | 11,467 | 10,429 | 24,445 |
| Total cost of sales | 11,237 | 43,660 | 35,026 | 106,563 |
| **Operating expenses:** | | | | |
| General and administrative | 3,032 | 3,313 | 11,352 | 12,271 |
| Projects, exploration, and development | 7,011 | 2,344 | 8,200 | 3,860 |
| Write-off of deposit | — | 916 | — | 916 |
| Accretion - Note 13 | 102 | 102 | 306 | 306 |
| **Loss from operations** | (12,624) | (18,659) | (33,129) | (37,203) |
| **Other (expense) income:** | | | | |
| Interest expense, net of capitalized interest - Note 10 | (4,459) | (5,461) | (14,003) | (15,176) |
| Interest income | 826 | — | 846 | — |
| Fair value adjustment to warrants - Notes 12 and 20 | 1,133 | 812 | (482) | 10,956 |
| Commissions expense - Note 7 | (936) | — | (936) | — |
| Gain on sale of equipment and supplies inventories | 211 | — | 813 | — |
| **Loss before income taxes** | (15,849) | (23,308) | (46,891) | (41,423) |
| Income tax benefit - Note 17 | — | 95 | — | 95 |
| **Net loss** | $ (15,849) | $ (23,213) | $ (46,891) | $ (41,328) |
| | | | | |
| **Loss per share:** | | | | |
| Basic - Note 18 | $ (0.08) | $ (0.39) | $ (0.29) | $ (0.69) |
| Diluted - Note 18 | $ (0.08) | $ (0.39) | $ (0.29) | $ (0.69) |
| **Weighted average shares outstanding:** | | | | |
| Basic - Note 18 | 199,207,092 | 60,114,358 | 159,607,217 | 59,989,457 |
| Diluted - Note 18 | 199,207,092 | 60,114,358 | 159,607,217 | 59,989,457 |

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

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows used in operating activities:** | | |
| Net loss | $ (46,891) | $ (41,328) |
| Adjustments to reconcile net loss for the period to net cash used in operating activities: | | |
| Non-cash portion of interest expense - Note 10 | 10,129 | 13,042 |
| Non-cash loss (gain) on fair value adjustment for warrant liabilities - Note 12 | 482 | (10,956) |
| Depreciation and amortization | 2,577 | 5,175 |
| Stock-based compensation | 1,750 | 2,227 |
| Write-off of deposit | — | 916 |
| Accretion - Note 13 | 306 | 306 |
| Gain on sale of equipment | (813) | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (978) | 79 |
| Income tax receivable | — | (95) |
| Interest receivable | (294) | — |
| Production-related inventories | 8,632 | 5,351 |
| Materials and supplies inventories | 235 | (1,141) |
| Prepaids and deposits | (1,880) | (1,634) |
| Accounts payable | (3,835) | (1,852) |
| Contract liabilities - Notes 8 and 15 | 6,682 | 1,598 |
| Other liabilities | (1,401) | 1,262 |
| **Net cash used in operating activities** | (25,299) | (27,050) |
| **Cash flows provided by (used in) investing activities:** | | |
| Additions to plant, equipment, and mine development | (913) | (11,908) |
| Proceeds from sale of equipment - Note 5 | 2,007 | — |
| Proceeds from assets held for sale - Note 7 | 1,375 | — |
| **Net cash provided by (used in) investing activities** | 2,469 | (11,908) |
| **Cash flows provided by (used in) financing activities:** | | |
| Principal payments on debt | (25,506) | (2,978) |
| Principal payments on notes payable | (94) | (58) |
| Proceeds from issuance of common stock and warrants, net of issuance costs | 188,860 | — |
| **Net cash provided by (used in) financing activities** | 163,260 | (3,036) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 140,430 | (41,994) |
| Cash, cash equivalents, and restricted cash, beginning of period | 46,635 | 96,040 |
| **Cash, cash equivalents, and restricted cash, end of period** | $ 187,065 | $ 54,046 |
| **Reconciliation of cash, cash equivalents, and restricted cash:** | | |
| Cash and cash equivalents | $ 153,403 | $ 19,753 |
| Restricted cash | 33,662 | 34,293 |
| **Total cash, cash equivalents, and restricted cash** | $ 187,065 | $ 54,046 |

See *Note 21 - Supplemental Cash Flow Information* for additional details.

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

**HYCROFT MINING HOLDING CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)**
***(dollars in thousands)***

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| **Balance at January 1, 2021** | 59,901,306 | $ 6 | $ 537,370 | $ (520,759) | $ 16,617 |
| Stock-based compensation costs | — | — | 507 | — | 507 |
| Vesting of restricted stock units | — | — | 115 | — | 115 |
| Net loss | — | — | — | (9,688) | (9,688) |
| **Balance at March 31, 2021** | 59,901,306 | $ 6 | $ 537,992 | $ (530,447) | $ 7,551 |
| Stock-based compensation costs | — | — | 1,011 | — | 1,011 |
| Vesting of restricted stock units | 63,674 | — | — | — | — |
| 5-Year Private Warrants transferred to 5-Year Public Warrants | — | — | 284 | — | 284 |
| Net loss | — | — | — | (8,427) | (8,427) |
| **Balance at June 30, 2021** | 59,964,980 | $ 6 | $ 539,287 | $ (538,874) | $ 419 |
| Stock-based compensation costs | — | — | 636 | — | 636 |
| Vesting of restricted stock units | 308,442 | — | 650 | — | 650 |
| Net loss | — | — | — | (23,213) | (23,213) |
| **Balance at September 30, 2021** | 60,273,422 | $ 6 | $ 540,573 | $ (562,087) | $ (21,508) |

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' (Deficit) Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| **Balance at January 1, 2022** | 60,433,395 | $ 6 | $ 540,823 | $ (609,323) | $ (68,494) |
| Issuance of common stock and warrants - Note 14 | 136,370,064 | 14 | 189,398 | — | 189,412 |
| Vesting of restricted stock units | — | — | 37 | — | 37 |
| Stock-based compensation costs | — | — | 391 | — | 391 |
| Net loss | — | — | — | (22,060) | (22,060) |
| **Balance at March 31, 2022** | 196,803,459 | $ 20 | $ 730,649 | $ (631,383) | $ 99,286 |
| Issuance of common stock and warrants - Note 14 | — | — | (2,226) | — | (2,226) |
| Vesting of restricted stock units | 460,858 | — | 40 | — | 40 |
| Stock issuance - other - Note 14 | 137,500 | — | 158 | — | 158 |
| Stock-based compensation costs | — | — | 619 | — | 619 |
| Net loss | — | — | — | (8,982) | (8,982) |
| **Balance at June 30, 2022** | 197,401,817 | $ 20 | $ 729,240 | $ (640,365) | $ 88,895 |
| Issuance of common stock and warrants - Note 14 | — | — | (75) | — | (75) |
| Vesting of restricted stock units | 654,104 | — | 650 | — | 650 |
| 5-Year Private Warrants transferred to 5-Year Public Warrants - Notes 12 and 14 | — | — | 18 | — | 18 |
| Stock issuance - other - Note 14 | 1,714,678 | — | 1,749 | — | 1,749 |
| Stock-based compensation costs | — | — | 727 | — | 727 |
| Net loss | — | — | — | (15,849) | (15,849) |
| **Balance at September 30, 2022** | 199,770,599 | $ 20 | $ 732,309 | $ (656,214) | $ 76,115 |

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

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

### *1. Company Overview*

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

The Company restarted pre-commercial scale open pit mining operations at the Hycroft Mine during the second quarter of 2019 and began producing and selling gold and silver during the third quarter of 2019. The Company's operating plan until November 2021 was primarily focused on developing the novel two-stage heap oxidation and leach process ("Novel Process") detailed in the Hycroft Technical Report Summary ("TRS"), Heap Leaching Feasibility Study, prepared in accordance with the requirements of the Modernization of Property Disclosures for Mining Registrants ("Modernization Rules"), with an effective date of July 31, 2019 ("2019 Hycroft TRS"). Subsequent to November 2021, the Company's operating plan has been focused on advancing evaluations and developing technical studies for milling sulfide ore through a well-established and proven pressure oxidation process ("POX"). Additionally, as announced on November 10, 2021, as a result of the then current and expected ongoing cost pressures for many of the reagents and consumables used at the Hycroft Mine, and the timeline for completing the updated technical studies in early 2022, the Company discontinued pre-commercial scale mining at its run-of-mine ("ROM") operation. The Company will continue producing gold and silver from the drain down solutions as long as it is economic which is currently expected to continue through the end of 2022. In February 2022, Hycroft, along with its third-party consultants, completed and filed the Initial Assessment Technical Report Summary for the Hycroft Mine ("2022 Hycroft TRS") which included a mineral resource estimate utilizing a POX process for sulfide mineralization and heap leaching process for oxide and transition mineralization. The Company will continue to build on the work to date and investigate opportunities identified through progressing the technical and data analyses leading up to the 2022 Hycroft TRS and will provide an updated technical report at an appropriate time.

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

### *2. Summary of Significant Accounting Policies*

<u>*Basis of presentation*</u>

These condensed consolidated interim financial statements of the Company have been prepared, without audit, in accordance with U.S. generally accepted accounting principles ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, these condensed consolidated financial statements do not include all information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2021. The Company continues to follow the accounting policies set forth in those audited consolidated financial statements with updates discussed below. In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements include all adjustments that are necessary for a fair presentation of the Company's interim financial position, operating results, and cash flows for the periods presented.

<u>*Liquidity*</u>

As of September 30, 2022, the Company had available unrestricted cash on hand of $153.4 million and net working capital of $155.2 million which is expected to provide it with the necessary liquidity to fund its operating and investing requirements and future obligations as they become due within the next twelve months from the date of this filing.

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

While the Company has continued to process gold and silver ore on the leach pads and in the drain down solutions to partially offset the cash that is projected to be used in its operations and investing activities, the Company does not expect to generate net positive cash from operations for the foreseeable future. Accordingly, the Company will be dependent on its unrestricted cash and other sources of cash to fund its business. As discussed in *Note 14 - Stockholders' Equity,* the Company raised gross proceeds of $194.4 million in March 2022 through the following equity financings:

- On March 14, 2022, the Company entered into subscription agreements with American Multi-Cinema, Inc. ("AMC") and 2176423 Ontario Limited, an entity affiliated with Eric Sprott, pursuant to which the Company agreed to sell an aggregate of 46,816,480 units at a purchase price of $1.193 per unit for total gross proceeds, before deduction of fees and expenses, of $55.9 million.
- On March 15, 2022, the Company implemented an ATM pursuant to which the Company registered the offer and sale from time to time of its common stock having an aggregate offering price of up to $500.0 million of gross proceeds. Under the ATM Program, which was completed on March 25, 2022, the Company sold 89,553,584 shares of common stock for gross proceeds, before commissions and offering expenses, of $138.6 million.

Also, as discussed in *Note 10 - Debt, Net*, as a result of the equity financings above, the Company reached an agreement with Sprott Private Resource Lending II (Collector), LP (the "Lender") with respect to the Credit Agreement among Hycroft Mining Holding Corporation, as borrower, Autar Gold Corporation, MUDS, MUDS Holdco Inc., Allied VGH LLC, Hycroft Resources and Development, LLC, Sprott Private Resource Lending II (Collector) Inc., and Sprott Resources Lending Corp. ("Sprott Credit Agreement"), which required the Company to prepay principal under the facility in the amount of $10.0 million following the Company's receipt of the $55.9 million cash proceeds discussed above. The Company also made an additional prepayment of $13.9 million on March 30, 2022.

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

Historically, the Company has been dependent on various forms of debt and equity financing to fund its business. While the Company has been successful in the past raising funds through equity and debt financings, no assurance can be given that additional financing will be available to it in amounts sufficient to meet the Company's needs or on terms acceptable to the Company. In the event that funds are not available, the Company may be required to materially change its business plans.

*Use of estimates*

The preparation of the Company's condensed consolidated financial statements requires management to make estimates and assumptions that affect amounts reported in these condensed consolidated financial statements and accompanying notes. The more significant areas requiring the use of management estimates and assumptions relate to: recoverable gold and silver ounces on leach pads and in-process inventories; timing of near-term ounce production and related sales; the useful lives of long-lived assets; estimates of mineral resources; estimates of life-of-mine production timing, volumes, costs and prices; future mining and current and future processing plans; environmental reclamation and closure costs and timing; deferred taxes and related valuation allowances; estimates of the fair value of liability classified warrants, and estimates of fair value for asset impairments and financial instruments. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable at the time the estimate is made. Actual results may differ from amounts estimated in these condensed consolidated financial statements, and such differences could be material. Accordingly, amounts presented in these condensed consolidated financial statements are not indicative of results that may be expected for future periods.

*Cash and cash equivalents*

During the third quarter of 2022, the Company invested in the AAAm rated US Government Money Market Funds that are readily convertible to cash and, as such, the Company has included them in *Cash and cash equivalents*. As of December 31, 2021, cash consisted of cash balances. The Company has not experienced any losses on cash balances and believes that no significant risk of loss exists with respect to its cash.

*Recently adopted accounting pronouncements*

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). ASU 2020-06 simplifies guidance on accounting for convertible instruments and contracts in an entity's own equity including calculating diluted earnings per share. For emerging growth companies, the new guidance is effective for annual periods beginning after December 15, 2022. The Company early adopted ASU 2020-06 as of January 1, 2022, with no material impact on its condensed consolidated financial statements or the related disclosures.

In December of 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Amendments include removal of certain exceptions to the general principles of ASC 740, Income Taxes and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. For emerging growth companies, the new guidance was effective for annual periods beginning after December 15, 2021 and the Company adopted ASU 2019-12 as of January 1, 2022, with no material impact on its condensed consolidated financial statements or the related disclosures.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)*. ASU 2021-04 clarifies and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (*e.g.,* warrants) that remain equity classified after modification or exchange. ASU 2021-04 provides guidance that will clarify whether an issuer should account for a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as (i) an adjustment to equity and, if so, the related earnings per share effects, if any, or (ii) an expense and, if so, the manner and pattern of recognition. For emerging growth companies, the new guidance was effective for annual periods beginning after December 15, 2021 and the Company adopted ASU 2021-04 as of January 1, 2022, with no material impact on its condensed consolidated financial statements or the related disclosures.

### *3. Inventories and Ore on Leach Pads*

The following table provides the components of *Inventories* and the estimated recoverable gold ounces therein (dollars in thousands):

| | September 30, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Amount | Gold Ounces | Amount | Gold Ounces |
| Inventories: | | | | |
| Materials and supplies | $ 3,800 | — | $ 4,376 | — |
| Merrill-Crowe process plant | — | — | 11 | 6 |
| Carbon-in-column (on-site) | 7,388 | 6,142 | 3,493 | 2,044 |
| Finished goods (doré and off-site carbon) | 907 | 565 | 3,189 | 1,799 |
| Total | $ 12,095 | 6,707 | $ 11,069 | 3,849 |

As of September 30, 2022 and December 31, 2021, in-process inventories and finished goods inventories included $0.8 million and $0.4 million, respectively of capitalized depreciation and amortization costs. As of September 30, 2022, there were no indicators of impairment that would necessitate a write-down of the Company's *Inventories.*

The following table summarizes *Ore on leach pads* and the estimated recoverable gold ounces therein (dollars in thousands):

| | September 30, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Amount | Gold Ounces | Amount | Gold Ounces |
| Ore on leach pads | $ — | — | $ 10,106 | 7,130 |

As of September 30, 2022, the Company recovered all previously estimated gold ounces from the leach pad inventory. The Company continues to recover ounces in excess of previous estimates during the drain down period. As of December 31, 2021, *Ore on leach pads* included $0.6 million of capitalized depreciation and amortization costs.

### *4. Prepaids and Deposits, Net*

The following table provides the components of *Prepaids and deposits, net* and *Other assets* (dollars in thousands):

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Prepaids and deposits, net | | |
| Prepaids | | |
| Insurance | $ 2,107 | $ 1,014 |
| Mining claims and permitting fees | 1,498 | 891 |
| License fees | 376 | 186 |
| Other | 50 | 56 |
| Deposits | 191 | 195 |
| Total | $ 4,222 | $ 2,342 |
| | | |
| Other assets | | |
| Royalty - advance payment on Crofoot Royalty | 600 | 600 |

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

### *5. Plant and Equipment, Net*

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

| | Depreciation Life or Method | September 30, 2022 | December 31, 2021 |
|---|---|---|---|
| Production leach pads | Units-of-production | $ 11,190 | $ 11,190 |
| Test leach pads | 18 months | 6,241 | 6,241 |
| Process equipment | 5 - 15 years | 17,302 | 17,735 |
| Buildings and leasehold improvements | 10 years | 9,280 | 9,280 |
| Mine equipment | 5 - 7 years | 4,838 | 6,224 |
| Vehicles | 3 - 5 years | 1,589 | 1,454 |
| Furniture and office equipment | 7 years | 370 | 330 |
| Construction in progress and other | | 35,674 | 35,794 |
| | | $ 86,484 | $ 88,248 |
| Less, accumulated depreciation and amortization | | (31,003) | (29,764) |
| Total | | $ 55,481 | $ 58,484 |

During the three and nine months ended September 30, 2022, there were no events or changes in circumstances that would have required the Company to evaluate the current carrying value of its *Plant and equipment, net* for recoverability. Depreciation expense related to *Plant and equipment, net* was $0.8 million and $2.7 million for the three and nine months ended September 30, 2022, respectively, and $2.2 million and $5.6 million for the three and nine months ended September 30, 2021, respectively.

### *6. Restricted Cash*

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Reclamation and other surety bond cash collateral | $ 33,662 | $ 34,293 |

As of September 30, 2022 and December 31, 2021, the Company's surface management surety bonds totaled $58.7 million and $59.3 million, respectively, of which $58.3 million secured the financial assurance requirements for the Hycroft Mine. The remaining portion related to the securitization of the financial assurance requirements for the adjacent water supply well field and exploration project. The financial assurance requirement for the adjacent water supply well field was reduced to $0.4 million during the second quarter of 2022. This reduction was achieved by canceling a $1.0 million surety bond and replacing it with a $0.4 million increase to an existing surety bond. The $1.0 million surety bond was collateralized with $0.6 million cash which, upon cancellation, was returned to the Company. The $0.4 million increase to the existing surety bond was achieved without additional cash collateral. Also in the second quarter of 2022, the Company began receiving interest on its cash collateral for certain surety bonds. Interest received on cash collateral balances is restricted as to its use and is included as an increase to *Restricted cash* with a corresponding increase to *Interest income* when earned.

### *7. Assets Held For Sale*

The following table summarizes the Company's *Assets held for sale* by asset class as of September 30, 2022 and December 31, 2021 (dollars in thousands):

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Equipment not in use | $ 9,913 | $ 11,163 |
| Mine equipment | — | 125 |
| Materials and supplies | 270 | 270 |
| Total | $ 10,183 | $ 11,558 |

The *Assets held for sale* are being marketed for sale and the Company has received interest from potential purchasers. It is the Company's intention to complete the sales of these assets within the upcoming year. In February 2022, the Company completed the sale of a regrind mill that was included in equipment not in use for gross proceeds of $1.3 million. In August 2022, the Company completed the sale of the Mine equipment for gross proceeds of $0.1 million.

In June 2022, the Company entered into an Asset Option and Purchase Agreement to sell a dual pinion ball mill and related assets included in equipment not in use for an aggregate purchase price of $6.3 million. Payment terms, as amended, included: (i) an upfront non-refundable option payment of $0.6 million which the Company received in June 2022, (ii) a non-refundable option payment of $4.8 million which the Company received in August 2022, (iii) a non-refundable payment of $0.3 million to complete the partial purchase of the related assets which was received in October 2022, and (iv) a non-refundable payment of $0.6 million to complete the remaining sale of the ball mill and related assets expected to be received no later than December 29, 2022. In conjunction with this sale, the Company incurred *Commissions expense* of $0.9 million which was calculated as 17.5% of the proceeds received to date. The Company will be required to pay a further commission of 17.5% on the remaining non-refundable payments once received.

In August 2022, the Company entered into an Equipment Purchase Agreement to sell a second ball mill and a semi-autogenous mill ("SAG mill") and related assets included in equipment not in use for an aggregate purchase price of $12.0 million. Payment terms include: (i) an initial payment of $0.5 million received upon the effective date of the Equipment Purchase Agreement, (ii) a second payment of $0.5 million received in September 2022, and (iii) a final payment of $11.0 million by December 31, 2022, with the Company holding such final payment in escrow pending the delivery of the equipment to the Delivery Point (as defined in the Equipment Purchase Agreement). In addition, the buyer is permitted to extend the payment of all or any portion of the final payment of $11.0 million up to and including March 31, 2023, provided that the buyer pays the Company interest at a rate of 5% per annum on any outstanding balance.

As of September 30, 2022, the Company still held title to and risk of loss of the ball mills and SAG mill and, as such, all payments received toward the purchase of these assets have been included in *Contract liabilities.* Please see *Note 8 - Contract Liabilities* below for additional information..

### *8. Contract Liabilities*

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Assets held for sale | | |
| Equipment not in use[(1)] | $ 6,355 | $ — |
| Plant and equipment | | |
| Process equipment[(2)] | 327 | — |
| Total | $ 6,682 | $ — |

(1) As of September 30, 2022, the Company has received two non-refundable option payments: (i) $5.4 million in accordance with the sales agreement for one ball mill, for which the Company will receive final payments totaling $0.9 million no later than December 29, 2022 and (ii) $1.0 million in accordance with the sales agreement for one SAG mill and one ball mill, for which the Company will receive final payment of $11.0 million no later than March 31, 2023. Please see *Note 7 - Assets Held for Sale* for additional details.

(2) As of September 30, 2022, the Company has received a non-refundable option payment of $0.3 million in accordance with the sales agreement for one mercury retort. The Company will receive the final payment of $0.1 million once the asset is received by the buyer.

### *9. Other Liabilities*

The following table summarizes the components of current and non-current portions of *Other liabilities* (dollars in thousands):

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Other liabilities, current | | |
| Accrued compensation | $ 2,022 | $ 2,641 |
| Salary continuation payments | 185 | 935 |
| Restricted stock units | — | 714 |
| Deferred payroll tax liability | 471 | 471 |
| Excise tax liability | 13 | 268 |
| Accrued directors' fees | 39 | 15 |
| Operating lease liability | 21 | — |
| Total | $ 2,751 | $ 5,044 |
| | | |
| Other liabilities, non-current | | |
| Finance lease liability | $ — | $ 286 |
| Operating lease liability | — | 53 |
| Total | $ — | $ 339 |

### *10. Debt, Net*

Second Amendment to Sprott Credit Agreement

On March 30, 2022, the Company and Lender under the Sprott Credit Agreement entered into the Second Amended and Restated Credit Agreement ("Second A&R Agreement"), which: (i) extended the maturity date for all of the loans and other principal obligations under the Sprott Credit Facility by two years, to May 31, 2027; (ii) provided for the Company to prepay principal under the facility in the amount of $10.0 million promptly upon the Company's receipt of cash proceeds from the Private Placement Offering with AMC and 2176423 Ontario Limited (the "Initial Equity Proceeds Prepayment"); (iii) provided for the Company to prepay principal under the Sprott Credit Facility in the amount of $13.9 million (representing 10% of the subsequent issuance of its equity interests consummated on or prior to March 31, 2022) (the "Subsequent Equity Proceeds Prepayments"); and (iv) eliminated the prepayment premiums otherwise payable with respect to the Initial Equity Proceeds

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Prepayment, the Subsequent Equity Proceeds Prepayments and all future prepayments of principal under the Sprott Credit Facility. In addition, the Company's obligations: (i) to prepay principal with proceeds of asset sales will be credited/offset by the aggregate amount of Initial Equity Proceeds Prepayment and the Subsequent Equity Proceeds Prepayments ($23.9 million); and (ii) to maintain a minimum amount of Unrestricted Cash (as defined in the Second A&R Agreement) was increased to $15.0 million. The Company: (i) paid the previously deferred additional interest of $0.5 million; (ii) made the Initial Equity Proceeds Prepayment of $10.0 million and paid in-kind a $3.3 million fee in connection with the modification and capitalized it to principal on March 16, 2022; and (iii) made the Subsequent Equity Proceeds Prepayment of $13.9 million on March 30, 2022. The Company accounted for the Second A&R Agreement as a debt modification as the Second A&R Agreement did not result in debt that was substantially different.

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

On March 14, 2022, the Company entered into an amendment to the 10% Senior Secured Notes and Note Exchange Agreement (the "Note Amendment"), with: (i) certain direct and indirect subsidiaries of the Company as Guarantors; (ii) holders of the 10% Senior Secured Notes (the "Subordinated Notes"), including certain funds affiliated with, or managed by, Mudrick Capital Management, L.P, Whitebox Advisors, LLC, Highbridge Capital Management, LLC, and Aristeia Capital, LLC (collectively, the "Amending Holders"); and (iii) Wilmington Trust, National Association, in its capacity as collateral agent. The Note Amendment amends the Note Exchange Agreement dated as of January 13, 2020 (the "Note Exchange Agreement") and the Subordinated Notes issued thereunder in order to extend the maturity date of the Subordinated Notes from December 1, 2025 to December 1, 2027. The Note Amendment also removed the requirements that a holder receive the consent of the Company and the other holders in order to transfer any Subordinated Note. The Amending Holders constituted all of the holders of the Subordinated Notes. The Note Amendment became effective upon the closing of a private placement upon receipt of $55.9 million gross cash proceeds (before deduction of fees and expenses). The Company accounted for the Note Amendment as a debt modification as the Note Amendment did not result in debt that was substantially different. The Company incurred a $1.8 million liability management fee attributable to the completion of the Note Amendment. As the Note Amendment was accounted for as a debt modification, the $1.8 million paid to a third-party was charged to *General and administrative.* See *Note 22 - Commitments and Contingencies* for further details.

*Debt covenants*

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

As of September 30, 2022, the Company was in compliance with all covenants under its debt agreements.

*Debt balances*

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Debt, net, current: | | |
| Sprott Credit Agreement | $ 2,200 | $ 17,223 |
| Note payable | 127 | 115 |
| Less, debt issuance costs | — | (672) |
| Total | $ 2,327 | $ 16,666 |
| | | |
| Debt, net, non-current: | | |
| Sprott Credit Agreement, net of original issue discount ($11.6 million, net) | $ 43,606 | $ 51,809 |
| Subordinated Notes | 100,879 | 93,599 |
| Note payable | 237 | 345 |
| Less, debt issuance costs | (2,215) | (2,115) |
| Total | $ 142,507 | $ 143,638 |

The following table summarizes the Company's contractual payments of *Debt, net*, including current maturities, for the five years subsequent to September 30, 2022 (dollars in thousands):

| | |
|---|---|
| October 1, 2022 through December 31, 2022 | $ 581 |
| 2023 | 1,777 |
| 2024 | 2,879 |
| 2025 | 1,154 |
| 2026 | 22 |
| 2027 | 151,683 |
| Total | 158,096 |
| Less, original issue discount, net of accumulated amortization ($9.3 million) | (11,047) |
| Less, debt issuance costs, net of accumulated amortization ($2.7 million) | (2,215) |
| Total debt, net | $ 144,834 |

*Interest expense, net of capitalized interest*

The following table summarizes the components of recorded *Interest expense, net of capitalized interest* (dollars in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Sprott Credit Agreement | $ 1,261 | $ 2,820 | $ 3,848 | $ 8,227 |
| Subordinated Notes | 2,514 | 2,227 | 7,279 | 6,520 |
| Amortization of original issue discount | 561 | 358 | 2,279 | 1,043 |
| Amortization of debt issuance costs | 117 | — | 571 | — |
| Other interest expense | 6 | 56 | 26 | 40 |
| Capitalized interest | — | — | — | (654) |
| Total | $ 4,459 | $ 5,461 | $ 14,003 | $ 15,176 |

The Company capitalizes interest to *Plant and equipment, net* for construction projects in accordance with ASC Topic 835, *Interest*. Interest expense incurred under the Subordinated Notes is payable-in-kind. In May 2021, the Company began paying cash for interest expense incurred under the Sprott Credit Agreement. Prior to May 2021, interest expense incurred under the Sprott Credit Agreement was payable-in-kind.

### *11. Deferred Gain on Sale of Royalty*

As of September 30, 2022, the Company classified the entire deferred gain from the sale of its royalty as a non-current liability as a result of the cessation of mining operations in November 2021.

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### *12. Warrant Liabilities*

The following table summarizes the Company's outstanding warrants (dollars in thousands):

| | Balance at December 31, 2021 | | Fair Value Adjustments(1) | | Transfers to an Unrelated Third Party | | Balance at September 30, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Warrants | Amount | Warrants | Amount | Warrants | Amount | Warrants | Amount |
| Warrant liabilities | | | | | | | | |
| 5-Year Private Warrants | 9,478,830 | $ 664 | — | $ 482 | (75,201) | $ (18) | 9,403,629 | $ 1,128 |
| Seller Warrants | 12,721,901 | 5 | — | — | — | — | 12,721,901 | 5 |
| Total | 22,200,731 | $ 669 | — | $ 482 | (75,201) | $ (18) | 22,125,530 | $ 1,133 |

| | Balance at December 31, 2020 | | Fair Value Adjustments(1) | | Transfers to an Unrelated Third Party | | Balance at September 30, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Warrants | Amount | Warrants | Amount | Warrants | Amount | Warrants | Amount |
| Warrant liabilities | | | | | | | | |
| 5-Year Private Warrants | 9,888,415 | $ 15,326 | — | $ (10,917) | (394,863) | $ (284) | 9,493,552 | $ 4,125 |
| Seller Warrants | 12,721,901 | 63 | — | (38) | — | — | 12,721,901 | 25 |
| Total | 22,610,316 | $ 15,389 | — | $ (10,956) | (394,863) | $ (284) | 22,215,453 | $ 4,150 |

(1) Liability classified warrants are subject to fair value remeasurement at each balance sheet date in accordance with ASC 814-40, Contracts on Entity's Own Equity. As a result, fair value adjustments related exclusively to the Company's liability classified warrants. Refer to *Note 20 - Fair Value Measurements* for further detail on the fair value of the Company's liability classified warrants.

The following table summarizes additional information on the Company's outstanding warrants as of September 30, 2022:

| | Exercise Price | Exercise Period | Expiration Date | Warrants Outstanding |
|---|---|---|---|---|
| Warrant liabilities | | | | |
| 5-Year Private Warrants | $ 11.50 | 5 years | May 29, 2025 | 9,403,629 |
| Seller Warrants(1) | $ 39.90 | 7 years | October 22, 2022 | 12,721,901 |

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

*Warrant Liabilities*

*5-Year Private Warrants*

The 5-Year Private Warrants cannot be redeemed and can be exercised on a cashless basis if the 5-Year Private Warrants are held by the initial purchasers or their permitted transferees. If the 5-Year Private Warrants are transferred to someone other than the initial purchasers or their permitted transferees (an "Unrelated Third Party"), such warrants become redeemable by the Company under substantially the same terms as the 5-Year Public Warrants. Since the original issue of private warrants, transfers to an Unrelated Third Party totaled 836,371, including 75,201 and 394,863 during the nine months ended September 30, 2022 and 2021, respectively, and therefore became classified as 5-Year Public Warrants.

*Seller Warrants*

On August 3, 2022, the Company issued a notice under the Seller Warrant Agreement notifying the holders of its Seller Warrants that the terms of the Seller Warrants have been adjusted effective as of August 3, 2022 as a result of the issuance or deemed issuance of additional equity awards under the HYMC 2020 Performance and Incentive Pay Plan to "Restricted Persons" (as defined in the Seller Warrant Agreement) through August 3, 2022 in the aggregate amount of 2,570,602 restricted stock units convertible into shares of common stock and for the prospective issuance of up to 500,000 shares of common stock to participants who may be deemed to be Restricted Persons. These shares of common stock were not prospectively adjusted for previously under the Seller Warrant provisions.

In accordance with the adjustment provisions of the Seller Warrant Agreement: (1) the exercise price of each Seller Warrant was decreased from $40.31 per share of common stock to $39.90 per share of common stock; (2) the number of shares of common stock issuable upon exercise of each Seller Warrant was increased from 0.28055 to 0.28347; and (3) as adjusted, the aggregate number of shares of common stock issuable upon full exercise of the 12,721,901 outstanding Seller Warrants was increased from 3,569,051 to 3,606,256 shares of common stock.

Pursuant to the terms of the Seller Warrant Agreement, the Seller Warrants expired on October 22, 2022, seven years following the original issuance date. As of their expiration, the Seller Warrants were no longer exercisable or outstanding.

### *13. Asset Retirement Obligation ("ARO")*

The following table summarizes changes in the Company's ARO (dollars in thousands):

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, beginning of period | $ 5,193 | $ 4,785 |
| Accretion | 306 | 408 |
| Balance, end of period | $ 5,499 | $ 5,193 |

During the three and nine months ended September 30, 2022, the Company did not incur any additional reclamation obligations associated with additional disturbances, or other regulatory requirements. The Company estimates that no significant reclamation expenditures associated with the ARO will be made until 2047 and that reclamation work will be completed by the end of 2065. During the three and nine months ended September 30, 2022, there were no events or changes to the Company's regulatory environment or new or additional disturbances that would require a change to the Company's ARO due to changes in estimates. As a result, the Company did not record any adjustments to the ARO.

### *14. Stockholders' Equity*

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

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

*Common Stock*

*Private placement offering*

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

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*At-the-market offering*

On March 15, 2022, the Company implemented an "at-the-market" offering ("ATM Program") by entering into an At Market Issuance Sales Agreement with B. Riley Securities, Inc. ("Sales Agreement"). Under the terms of the Sales Agreement, the Company may from time to time to or through the Agent, acting as sales agent or principal, offer and sell shares of its Class A common stock, par value $0.0001 per share, having a gross sales price of up to $500.0 million. Shares of common stock sold under the Sales Agreement were issued pursuant to the Company's shelf registration statement on Form S-3 (No. 333-257567) that the SEC declared effective on July 13, 2021, including the prospectus, dated July 13, 2021, and the prospectus supplement, dated March 15, 2022. The Company terminated the ATM Program on March 25, 2022, and received total gross proceeds, before deducting fees and expenses of the ATM Program, of $138.6 million from the sale of 89,553,584 shares of the Company's common stock. Net proceeds, after deducting commissions and fees of $5.0 million were $133.5 million.

*Stock issuance - other*

*Settlement fee*

In February 2022, the Company engaged the financial advisor to assist with its financing efforts. During March 2022, the Company completed the Private Placement Offering, the ATM Program and entered into the Second A&R Agreement and Note Amendment without assistance from the financial advisor. As the Company completed the aforementioned equity and debt transactions during the engagement period, the Company and the financial advisor agreed to a fee of $3.5 million of which 50% is related to liability management for the Note Amendment and 50% is attributable to the Private Placement Offering. On July 26, 2022, the Company executed this settlement agreement and the engagement was terminated with no future obligations. The Company agreed to pay $1.75 million in cash and issue shares of common stock under a private placement for the remaining $1.75 million. The Company issued 1,714,678 shares of common stock on July 28, 2022 and remitted the cash payment on August 1, 2022. The number of shares of common stock issued was determined using the volume weighted average price on the Nasdaq Capital Market for the ten trading days preceding the effective date of the settlement agreement.

*Salary continuation payments*

The Company entered into separation agreements with former executives that provide for, among other things, continuation of such former executives' salaries and certain benefits for periods of 12-24 months from the date of separation.

On October 6, 2021, the Company entered in a Waiver and Amendment to the Transition and Succession Agreement and Consulting Agreement with a former employee. The Waiver and Amendment amends the Transition and Succession Agreement and the Consulting Agreement between the Company and the employee, dated July 1, 2020. The Waiver and Amendment terminated the remaining unpaid cash payments to the employee pursuant to the Transition and Succession Agreement and Consulting Agreement in the aggregate amount of $0.7 million, in exchange for the issuance of an aggregate of up to 275,000 shares of the Company's common stock, of which 137,500 was issued on October 8, 2021 and 137,500 shares issued on June 30, 2022.

*Equity Classified Warrants*

The following table summarizes the Company's outstanding equity classified warrants included in *Additional paid-in capital* on the Condensed Consolidated Balance Sheets (dollars in thousands):

| | Balance at December 31, 2021 | | Warrant Issuances | | Transfers to an Unrelated Third Party | | Balance at September 30, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Warrants | Amount | Warrants | Amount | Warrants | Amount | Warrants | Amount |
| Equity classified | | | | | | | | |
| 5-Year Public Warrants | 24,811,068 | $ 28,912 | — | $ — | 75,201 | $ 18 | 24,886,269 | $ 28,930 |
| Public Offering Warrants | 9,583,334 | 12,938 | — | — | — | — | 9,583,334 | 12,938 |
| Private Placement Offering Warrants | — | — | 46,816,480 | 25,604 | — | — | 46,816,480 | 25,604 |
| Total | 34,394,402 | $ 41,850 | 46,816,480 | $ 25,604 | 75,201 | $ 18 | 81,286,083 | $ 67,472 |

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| | Balance at December 31, 2020 | | Transfers to an Unrelated Third Party | | Balance at September 30, 2021 | |
|---|---|---|---|---|---|---|
| | Warrants | Amount | Warrants | Amount | Warrants | Amount |
| Equity classified warrants | | | | | | |
| 5-Year Public Warrants | 24,401,483 | $ 28,619 | 394,863 | $ 284 | 24,796,346 | $ 28,903 |
| Public Offering Warrants | 9,583,334 | 12,938 | — | — | 9,583,334 | 12,938 |
| Total | 33,984,817 | $ 41,557 | 394,863 | $ 284 | 34,379,680 | $ 41,841 |

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

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

The following table summarizes additional information on the Company's outstanding warrants as of September 30, 2022:

| | Exercise price | Exercise period | Expiration date | Warrants outstanding |
|---|---|---|---|---|
| Equity classified warrants | | | | |
| 5-Year Public Warrants | $ 11.50 | 5 years | May 29, 2025 | 24,886,269 |
| Public Offering Warrants | $ 10.50 | 5 years | October 6, 2025 | 9,583,334 |
| Private Placement Offering Warrants | $ 1.068 | 5 years | March 15, 2027 | 46,816,480 |

***15. Revenues***

The table below is a summary of the Company's gold and silver sales (dollars in thousands):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Amount | Ounces Sold | Amount | Ounces Sold | Amount | Ounces Sold | Amount | Ounces Sold |
| Gold sales | $ 8,456 | 4,817 | $ 29,129 | 16,354 | $ 21,057 | 11,557 | $ 77,570 | 43,244 |
| Silver sales | 302 | 15,131 | 2,547 | 105,478 | 698 | 32,010 | 9,143 | 352,480 |
| Total | $ 8,758 | | $ 31,676 | | $ 21,755 | | $ 86,713 | |

The Company's gold and silver sales during the three and nine months ended September 30, 2022 and 2021 were attributable to the following customers:

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| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Customer A | $ 8,665 | 98.9 % | $ 4,284 | 13.5 % | $ 11,163 | 51.3 % | $ 7,945 | 9.2 % |
| Customer B | 93 | 1.1 % | 27,392 | 86.5 % | 10,592 | 48.7 % | 78,337 | 90.3 % |
| Customer C | — | — % | — | — % | — | — % | 431 | 0.5 % |
| Total | $ 8,758 | 100.0 % | $ 31,676 | 100.0 % | $ 21,755 | 100.0 % | $ 86,713 | 100.0 % |

During the third quarter of 2021, the Company received $1.6 million in sales consideration for which the Company had not satisfied its performance obligation under its contract with the customer as of September 30, 2021. Such consideration received is included in *Contract liabilities*.

### *16. Stock-Based Compensation*

*Performance and Incentive Pay Plan ("PIPP")*

On June 2, 2022, the Company's stockholders approved an amendment to the PIPP which increased the number of authorized shares of common stock available for issuance by 12.0 million shares of common stock. As a result, 14,508,002 shares are authorized for issuance under the PIPP. As of September 30, 2022, all awards granted under the PIPP were in the form of restricted stock units to employees, directors, or consultants of the Company. As of September 30, 2022, there were 9,452,267 shares available for issuance under the PIPP.

For restricted stock units granted prior to August 2020, a price per share was not determined upon the grant date. The number of shares of common stock of the Company to be issued upon vesting was calculated on the vesting date, which was either the second or third anniversary of the date of the grant, or the annual date the compensation committee determined the achievement of the corporate performance targets. Such unvested restricted stock unit awards were included in *Other liabilities* until each vesting date when the amount was transferred to *Additional paid-in capital*. As of September 30, 2022, there were no remaining restricted stock unit grants outstanding required to be accounted for as *Other liabilities*. Prior to each vesting date, the Company estimated the number of shares of common stock to be issued upon vesting using the closing share price of its common stock on the last day of each reporting period as quoted on the Nasdaq Capital Market.

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

| | Nine Months Ended September 30, 2022 |
|---|---|
| Unvested at beginning of year[(1)] | 2,210,911 |
| Granted | 3,007,069 |
| Impact of fluctuations in share price[(2)] | (515,198) |
| Canceled/forfeited | (282,500) |
| Vested | (1,141,980) |
| Unvested end of period | 3,278,302 |

(1) Amount includes liability-based awards for which the number of units awarded was not determined until the vesting date. The number of liability-based award units included in this amount are estimated using the market value of the Company's common shares as of the end of each reporting period.

(2) Amount represents difference between liability-based awards estimated as of the end of the previous reporting period and the number of shares of common stock issued upon vesting.

During the nine months ended September 30, 2022 and 2021, the Company reclassified $0.7 million and $0.8 million from *Other liabilities, current* to *Additional paid-in capital* for restricted stock units that vested.

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### *17. Income Taxes*

The Company's anticipated annual tax rate is impacted primarily by the amount of taxable income associated with each jurisdiction in which its income is subject to income tax, permanent differences between the financial statement carrying amounts, and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Section 382 of the Internal Revenue Code ("IRC") imposes limitations on the use of U.S. federal net operating losses ("NOLs") upon a more than 50% change in ownership in the Company (as defined in the IRC) within a three-year period. In connection with its at-the-market equity offering, the Company underwent a Section 382 ownership change on March 25, 2022. As a result, utilization of the Company's net operating losses and certain unrealized losses are limited on an annual basis. If the Section 382 annual limitation amount is not fully utilized in a particular tax year, then the unused portion from that tax year is added to the Section 382 annual limitation in subsequent years. The Company's annual limitation under Section 382 is approximately $1.3 million.

The Company incurred no net income tax expense or benefit for the three and nine months ended September 30, 2022. During the three and nine months ended September 30, 2021, the Company recorded an income tax benefit of $0.1 million for discrete items related estimated tax payments submitted prior to the Recapitalization Transaction. The effective tax rate for the three and nine months ended September 30, 2022 was nil. The effective tax rate for the three and nine months ended September 30, 2021, and 2020, was 0.2% and 0.0%, respectively. The effective tax rate differed from the statutory rate during each period primarily due to changes in the valuation allowance established to offset net deferred tax assets.

### *18. Loss Per Share*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net loss | $ (15,849) | $ (23,213) | $ (46,891) | $ (41,328) |
| | | | | |
| Weighted average shares outstanding | | | | |
| Basic | 199,207,092 | 60,114,358 | 159,607,217 | 59,989,457 |
| Diluted | 199,207,092 | 60,114,358 | 159,607,217 | 59,989,457 |
| | | | | |
| Basic loss per common share | $ (0.08) | $ (0.39) | $ (0.29) | $ (0.69) |
| Diluted loss per common share | $ (0.08) | $ (0.39) | $ (0.29) | $ (0.69) |

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

Due to the Company's net loss during the three and nine months ended September 30, 2022 and 2021, respectively, there was no dilutive effect of common stock equivalents because the effects of such would have been anti-dilutive. The following table summarizes the shares excluded from the weighted average number of shares of common stock outstanding, as the impact would be anti-dilutive (in thousands):

| | September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Warrants(1) | 94,296 | 56,595 |
| Restricted stock units | 3,278 | 1,190 |
| Total | 97,574 | 57,785 |

(1) See *Note 12 - Warrant Liabilities* for adjustments to the Seller Warrants for common stock issuable upon exercise.

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

### *19. Segment Information*

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

| | Three Months Ended September 30, | | | Nine months ended September 30, | | |
|---|---|---|---|---|---|---|
| | Hycroft Mine | Corporate and Other | Total | Hycroft Mine | Corporate and Other | Total |
| 2022 | | | | | | |
| Revenues - Note 15 | $ 8,758 | $ — | $ 8,758 | $ 21,755 | $ — | $ 21,755 |
| Cost of sales | 11,237 | — | 11,237 | 35,026 | — | 35,026 |
| Other operating costs | 7,113 | 3,032 | 10,145 | 8,506 | 11,352 | 19,858 |
| Loss from operations | (9,592) | (3,032) | (12,624) | (21,777) | (11,352) | (33,129) |
| Interest expense, net of capitalized interest - Note 10 | (3) | (4,456) | (4,459) | (9) | (13,994) | (14,003) |
| Interest income | 153 | 673 | 826 | 173 | 673 | 846 |
| Fair value adjustment to warrants - Notes 12 and 20 | — | 1,133 | 1,133 | — | (482) | (482) |
| Commissions expense - Note 7 | (936) | — | (936) | (936) | — | (936) |
| Gain on sale of equipment | 211 | — | 211 | 813 | — | 813 |
| Net loss | $ (10,167) | $ (5,682) | $ (15,849) | $ (21,736) | $ (25,155) | $ (46,891) |
| 2021 | | | | | | |
| Revenues - Note 15 | $ 31,676 | $ — | $ 31,676 | $ 86,713 | $ — | $ 86,713 |
| Cost of sales | 43,660 | — | 43,660 | 106,563 | — | 106,563 |
| Other operating costs | 3,362 | 3,313 | 6,675 | 5,082 | 12,271 | 17,353 |
| Loss from operations | (15,346) | (3,313) | (18,659) | (24,932) | (12,271) | (37,203) |
| Interest expense, net of capitalized interest - Note 10 | — | (5,461) | (5,461) | — | (15,176) | (15,176) |
| Fair value adjustment to warrants - Notes 12 and 20 | — | 812 | 812 | — | 10,956 | 10,956 |
| Loss before income taxes | (15,346) | (7,962) | (23,308) | (24,932) | (16,491) | (41,423) |
| Income tax benefits | — | 95 | 95 | — | 95 | 95 |
| Net income (loss) | $ (15,346) | $ (7,867) | $ (23,213) | $ (24,932) | $ (16,396) | $ (41,328) |

| | September 30, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Hycroft Mine | Corporate and Other | Total | Hycroft Mine | Corporate and Other | Total |
| Total Assets | $ 115,936 | $ 156,512 | $ 272,448 | $ 138,971 | $ 3,353 | $ 142,324 |

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

### *20. Fair Value Measurements*

*Recurring fair value measurements*

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

| | Hierarchy Level | September 30, 2022 | December 31, 2021 |
|---|---|---|---|
| Warrant liabilities | | | |
| 5-Year Private Warrants | 2 | 1,128 | 664 |
| Seller Warrants | 2 | 5 | 5 |
| Total | | $ 1,133 | $ 669 |

*5-Year Private Warrants*

The 5-Year Private Warrants are valued using a Black-Scholes model that requires a variety of inputs including the Company's stock price, the strike price of the 5-Year Private Warrants, the risk-free rate, and the implied volatility. As the terms of the 5-Year Private Warrants are identical to the terms of the 5-Year Public Warrants except that the 5-Year Private Warrants, while held by certain holders or their permitted transferees, are precluded from mandatory redemption and are entitled to be exercise on a "cashless basis" at the holder's election, the implied volatility used in the Black-Scholes model is calculated using a Monte-Carlo model of the 5-Year Public Warrants that factors in the restrictive redemption and cashless exercise features of the 5-Year Private Warrants. The Company updates the fair value calculation on at least a quarterly basis, or more frequently if changes in circumstances and assumptions indicate a change from the existing carrying value.

*Seller Warrants*

The Seller Warrant Agreement contains certain terms and features to reduce the exercise price and increase the number of shares of common stock each warrant is exercisable into. As a result, Seller Warrants were considered derivative financial instruments and carried at fair value. The fair value of Seller Warrants was computed by an independent third-party consultant (and validated by the Company) using a Monte Carlo simulation-based model that requires a variety of inputs, including contractual terms, market prices, exercise prices, equity volatility and discount rates. The Company updated the fair value calculation on at least an annual basis, or more frequently if changes in circumstances and assumptions indicate a change from the existing carrying value. As of October 22, 2022 the Seller Warrants expired pursuant to their terms and are no longer exercisable or outstanding.

*Items disclosed at fair value*

*Debt, net*

The Sprott Credit Agreement and the Subordinated Notes are privately held and, as such, there is no public market or trading information available for such debt instruments. As of September 30, 2022 and December 31, 2021, the fair value of the Company's debt instruments was $126.4 million and $162.8 million, compared to the carrying value of $144.8 million and $160.3 million as of September 30, 2021 and December 31, 2020, respectively. The fair value of the principal of the Company's debt instruments, including capitalized interest, was estimated using a market approach in which pricing information for publicly traded, non-convertible debt instruments with speculative ratings were analyzed to derive a mean trading multiple to apply to the September 30, 2022 balances.

### *21. Supplemental Cash Flow Information*

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Cash interest paid | $ 3,858 | $ 2,153 |
| | | |
| Significant non-cash financing and investing activities: | | |
| Increase in debt from in-kind interest | 7,279 | 13,696 |
| Debt issuance costs paid in-kind | 3,300 | — |
| Liability based restricted stock units transferred to equity - Note 16 | 727 | 754 |
| Stock issuance - other - Note 14 | 1,908 | — |
| Mobile equipment acquired by note payable | — | 538 |
| Plant, equipment, and mine development additions included in accounts payable | — | 424 |

### *22. Commitments and Contingencies*

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

The Company has deductible-based insurance policies for certain losses related to general liability, workers' compensation and automobile coverage. The Company records accruals for contingencies related to its insurance policies when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available. Insurance losses for claims filed and claims incurred but not reported are accrued based upon estimates of the aggregate liability for uninsured claims using historical loss development factors and actuarial assumptions followed in the insurance industry.

*Financial commitments and contingencies not recorded in the financial statements*

As of September 30, 2022 and December 31, 2021, the Company's off-balance sheet arrangements consisted of a net smelter royalty arrangement and a net profit royalty arrangement.

*Crofoot Royalty*

A portion of the Hycroft Mine is subject to a mining lease that requires a 4% net profit royalty be paid to the owner of certain patented and unpatented mining claims ("Crofoot Royalty"). The mining lease also requires an annual advance payment of $120,000 every year mining occurs on the leased claims. All advance annual payments are credited against the future payments due under the 4% net profit royalty. An additional payment of $120,000 is required for each year total tons mined on the leased claims exceeds 5.0 million tons. As the Company ceased mining operations in November 2021, the Company was not required to pay the annual advance payment of $120,000 in 2022. The total payments due under the mining lease are capped at $7.6 million, of which the Company has paid or accrued $3.0 million and included $0.6 million in *Other assets* in the Condensed Consolidated Balance Sheets as of September 30, 2022.

**HYCROFT MINING HOLDING CORPORATION**
**Notes to Unaudited Condensed Consolidated Financial Statements**

*Net smelter royalty*

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

At both September 30, 2022 and December 31, 2021, the estimated net present value of the Company's net smelter royalty was $146.7 million. The net present value of the Company's net smelter royalty was modeled using the following level 3 inputs: (i) market consensus inputs for future gold and silver prices; (ii) a precious metals industry consensus discount rate of 5.0%; and (iii) estimates of the Hycroft Mine's life-of-mine gold and silver production volumes and timing.

### *23. Related Party Transaction*

Certain amounts of the Company's indebtedness have historically, and with regard to the $80.0 million of Subordinated Notes, were held by five financial institutions. As of September 30, 2022, one of the financial institutions, Mudrick Capital Management, L.P ("Mudrick"), held more than 10% of the common stock of the Company and, as a result, was considered a related party (a "Related Party" or the "Related Parties") in accordance with ASC 850, *Related Party Disclosures*. For the three and nine months ended September 30, 2022, *Interest expense, net of capitalized interest* included $1.0 million and $3.0 million, respectively, for the debt held by the Related Party.

As of September 30, 2021, three of the financial institutions, Mudrick, Highbridge Capital Management, LLC ("Highbridge"), and Whitebox Advisors, LLC ("Whitebox"), held more than 10% of the common stock of the Company and, as a result, each was considered to be a Related Party. For the three and nine months ended September 30, 2021, *Interest expense, net of capitalized interest* included $1.9 million and $5.5 million, respectively, for the debt held by Related Parties.

As of September 30, 2022 and December 31, 2021, the Related Parties held a total $41.8 million and $63.8 million, respectively, of debt.

Additionally, during the three and nine months ended September 30, 2022, the Company paid $0.1 million and $1.2 million to Ausenco Engineering USA South ("Ausenco") for work performed on preparing an Acid POX milling technical study and other engineering services. The Company's President and Chief Executive Officer is currently a non-executive director Ausenco's parent company board of directors.

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

*The following discussion, which has been prepared based on information available to us as of October 31, 2022, provides information that we believe is relevant to an assessment and understanding of our consolidated operating results and financial condition. The following discussion should be read in conjunction with our other reports filed with the U.S. Securities and Exchange Commission (the "SEC") as well as our Unaudited Condensed Consolidated Financial Statements (the "Financial Statements") and the notes thereto (the "Notes") included in this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2022. Terms not defined herein have the same meaning defined in the Financial Statements and the Notes.*

### Introduction to the Company

We are a U.S.-based gold and silver exploration and development company that is focused on exploring the Hycroft Mine's claims comprising approximately 71,000 acres and developing our wholly owned Hycroft Mine in a safe, environmentally responsible, and cost-effective manner. Gold and silver sales represent 100% of our revenues and the market prices of gold and silver significantly impact our financial position, operating results, and cash flows. The Hycroft Mine is located in the State of Nevada and the corporate office is located in Winnemucca, Nevada. In February 2022, we filed the Technical Report Summary of Initial Assessment on the Hycroft Mine ("2022 Hycroft TRS") which contemplates processing gold and silver ore using milling and pressure oxidation to process sulfide and transitional ore along with heap leaching to process oxide ore.

### Health and Safety

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

During the first nine months of 2022, we reported no lost time accidents. The Hycroft Mine's total recordable injury frequency rate ("TRIFR") for the trailing twelve months, which includes other reportable incidents, is one of the metrics we use to assess safety performance, and it is well below industry averages and significantly below historical levels experienced at the Hycroft Mine. During the first nine months of 2022, we continued our critical focus on safety, including allocating additional personnel, resources, workforce time, and communications to mine safety. These actions contributed to a reduction in our TRIFR to approximately 0.26 at September 30, 2022, compared with approximately 0.64 at December 31, 2021, an approximate 59% reduction. We will continue our safety efforts to reach the level of safety we expect and need to keep our workforce, contractors, and visitors safe.

For health and safety actions specific to COVID-19, refer to the *Recent Developments* section below.

### Executive Summary

During the nine months ended September 30, 2022, we continued recovering gold and silver from ore previously placed on the leach pads and, in August 2022, determined that it was no longer economic to continue to apply cyanide solution to the leach pads. As a result, we expect to continue recovering gold and silver ounces from the drain down solutions through the end of 2022 with immaterial residual recovery of ounces through the first quarter of 2023. When the operation was re-started in 2019, mining oxide and transition ore allowed the Company to pre-strip overburden with some revenue offset to gain access to commercial scale sulfide mineralization. With the change to a milling operation, there is ample time to align the remaining pre-stripping with the start-up of commercial scale sulfide operations. We believe that this action will conserve cash and focus the Company's time and resources on additional exploration programs and technical studies for processing the Company's sulfide ore. The 2021 drill program concluded in the first quarter of 2022, and metallurgical analysis and variability test work is expected to continue through the first quarter of 2023. The 2022-2023 exploration program involving reverse circulation ("RC") and core drilling began in the third quarter of 2022.

Following a review of past and recent test work and based on the currently contemplated designs and operating parameters of the alternative sulfide processing methods being studied, including the Novel Process, and milling with atmospheric alkaline oxidation or alkaline pressure oxidation ("POX"), the Company, working closely with its industry leading technical consultants, completed pit optimization runs and trade-off analyses comparing the alternative processes which reflected that an Acid POX process has significantly better economics than other processes studied. Therefore, the Company focused its study efforts and resources solely on the Acid POX Initial Assessment which was prepared by Ausenco, with an effective date of February 18,

2022. The Acid POX process included in the 2022 Hycroft TRS is a conventional crushing, grinding, and flotation circuit that generates a concentrate to be fed to an autoclave facility commonly used for refractory gold ores in this region.

**Recent Developments**

*Project Update*

*2022-2023 Exploration Program*

In July 2022, the Company initiated the 2022 -2023 exploration program which is the largest exploration program at the Hycroft Mine in nearly a decade. The Company's focus during the three months ended September 30, 2022 was to follow up on higher-grade opportunities identified during the 2021 drill program to help the Company better understand the controls to mineralization. Since initiation, and through September 30, 2022, the Company has completed approximately 41,000 feet of reverse circulation RC drilling and approximately 2,300 feet of core drilling. The Company's observations as well as the assay results received to-date have helped establish continuity in the higher-grade zones within the Vortex and Brimstone areas. These results will be used to further identify targets in upcoming drilling.

Additionally, the Company initiated targeted infill drilling within the existing deposits where there is limited drilling. Based on the geology and surrounding drill results, the Company is optimistic that the additional limited drilling could convert material currently modeled as waste to an ore classification in the resource model. This would reduce the strip ratio, haulage costs, and equipment costs, and increase revenue in the ongoing engineering and design work. Furthermore, based upon the results of the additional infill drilling, inferred mineral resources could be upgraded to higher resources classifications inside and adjacent to the current pit limits.

*Finalized Initial Assessment Technical Report*

The Company, along with its third-party consultants, completed and filed the 2022 Hycroft TRS with an effective date of February 18, 2022. The 2022 Hycroft TRS included an updated mineral resource estimate for the Hycroft Mine. The 2022 Hycroft TRS included measured and indicated mineral resources of 9.6 million ounces of gold and 446.0 million ounces of silver (15.5 million gold equivalent ounces) and inferred mineral resources of 5.0 million ounces of gold and 150.4 million ounces of silver (6.9 million gold equivalent ounces), which are contained in oxide, transitional, and sulfide ores.

For this study, Independent Mining Consultants, Inc. ("IMC") developed the Hycroft Mine resource block model which includes 1981 to 2018 data from generated from 5,501 holes, representing 2,482,722 feet of drilling. The current inflationary environment and change in processing technique has resulted in increased cost assumptions and an associated higher cut-off grade partially mitigated by higher recoveries leading to a change in the mineral resource estimate, when compared with the prior model.

The mineral resources were estimated based upon results of the 2022 Hycroft TRS, as determined in accordance with the requirements of the Modernization Rules.

*Update of silver assay data in the resource model*

After completing the 2022 Hycroft TRS, the Company announced that a significant portion of historical drilling in the database does not include assay information for silver. With silver currently estimated to contribute 40-50% of the potential value at the Hycroft Mine under the milling process, this information is a key factor in the overall understanding of the mineral resource. The Company's efforts are ongoing, and to date, the Company has reduced the number of samples missing silver fire assay data to approximately 28% after locating historical assay data not previously included in the block model. The remaining missing samples are scattered throughout the overall ore body. The Company also located a small portion of the pulps from historical drilling which were sent to an independent lab to re-analyze the missing silver fire assay values. These pulps relate to one hole and portions of nine other holes. The results from these pulps have been returned and are undergoing evaluation. The pulps represent a small portion of the outstanding missing silver information. As a result, the Company plans to complete targeted infill drilling during the 2022 - 2023 drill program allowing the Company to fill in the missing silver information as the Company does not expect to locate additional historical data to inform the block model. As the Company completes the planned infill drilling and updates the block model, more drilling may be required. As a result, the Company cannot determine the impact of the missing silver assay data on the block model until further information from the infill drilling is received.

*2021 Drill Program and Variability Test Work*

During the nine months ended September 30, 2022, the Company received the remaining results from samples previously submitted for the variability test program. These results finalized the grinding characteristics of the various ore types at the Hycroft Mine which are consistent with the processing assumptions used in the 2022 Hycroft TRS. The Company continues to provide additional flotation samples for the remaining variability test work that is designed to determine key process characteristics including flotation and POX reagent consumption, mass pull, and sulfide sulfur levels. This test work is expected to be completed in the first quarter of 2023, and the results will be incorporated into the overall design of the milling process flow sheet.

*Strengthened balance sheet*

During the nine months ended September 30, 2022, the Company completed the following debt and equity activities (discussed in further detail below) that strengthened the Company's balance sheet:

- Raised gross cash proceeds of $194.4 million through a $55.9 million private placement offering and $138.6 million in an at-the-market equity offering program, before deductions of commissions, fees, and expenses.
- Amended and restated the Sprott Credit Agreement and made a prepayment of $23.9 million as required under the amended agreement.
- Amended the Subordinated Notes to extend the debt maturity by two years to December 1, 2027 with continuing 10% interest payable in-kind.

*Private Placement*

On March 14, 2022, the Company entered into subscription agreements (the "Subscription Agreements" and each a "Subscription Agreement") with each of American Multi-Cinema, Inc. ("AMC") and 2176423 Ontario Limited, an entity affiliated with Eric Sprott, (together with AMC, the "Purchasers"), pursuant to which the Company agreed to sell to the Purchasers, in a private placement, an aggregate of 46,816,480 units ("Units") at a purchase price per Unit of $1.193, with each Unit consisting of one share of common stock, and one warrant to purchase a share of common stock and the shares issuable upon exercise of the warrants (the "Warrant Shares"), providing for a total purchase price of approximately $55.9 million (the "Private Placement"). The Warrants issued in the Private Placement have an exercise price of $1.068 per Warrant Share and will expire five years after issuance.

The closing of the sales of securities pursuant to the Subscription Agreements occurred on March 15, 2022 for gross proceeds to the Company of approximately $55.9 million before deducting expenses incurred in connection with the Private Placement. The Company intends to use the proceeds for general corporate purposes, which may include the repayment, refinancing, redemption or repurchase of existing indebtedness, working capital or capital expenditures and other investments, which may include additional technical evaluations and studies, advancement of the Initial Assessment in the 2022 Hycroft TRS to a pre-feasibility and/or feasibility study and additional exploration at the Hycroft Mine.

The Subscription Agreement with AMC, as amended, also provided AMC with the right to appoint a director to the Company's board of directors (the "Board") and the Company agreed to support such director's nomination so long as AMC retains at least 50% of the common stock purchased under the Subscription Agreement with AMC and holds at least 5% of the outstanding voting securities.

As required by the Subscription Agreements, the Company prepared and filed a resale registration statement with the SEC to register the common stock, warrants, and Warrant Shares for sale under the Securities Act.

*Agreement with Sprott Private Resource Lending II (Collector), LP*

On November 10, 2021, the Company entered into a waiver with Sprott Private Resource Lending II (Collector) (the "Lender") of certain provisions of the Amended and Restated Credit Agreement effective November 10, 2021 (the "November 2021 Waiver"). Pursuant to the November 2021 Waiver, the Lender permitted the Company to cease active mining operations and to reduce the amount of Unrestricted Cash required to be maintained by the Company from not less than $10.0 million to not less than $9.0 million for the period ending May 10, 2022

On February 28, 2022 the Company entered into a waiver and amendment agreement with the Lender (the "February 2022 Waiver and Amendment") amending the previous waiver and required that the Company maintain at least $7.5 million of Unrestricted Cash on the last day of February 2022 and at least $9.0 million on the last day of each month thereafter during the waiver period, waived all obligations of the Company to prepay the facility with the net cash proceeds of any mill asset sales until the earlier of the date on which the Company completes a private placement or other offering or issuance of its equity securities and March 31, 2022, and extended the payment due date for the February additional interest payment and the February principal payment until the earlier of any such offering date and March 31, 2022.

On March 11, 2022, the Company entered into an agreement (the "March 2022 Sprott Agreement") with the Lender with respect to the Amended and Restated Credit Agreement, dated as of May 29, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Sprott Credit Agreement") among the Company, the Lender, the Guarantors (as defined in the Sprott Credit Agreement) and the other parties thereto. As described in the March 2022 Sprott Agreement, the Company was contemplating the sale or issuance of its equity securities pursuant to one or more transactions to be completed on or before March 31, 2022 (the "Equity Financing Transactions"). Pursuant to the March 2022 Sprott Agreement, if the Equity Financing Transactions resulted (or were likely to result pursuant to definitive subscription underwriting and/or similar legally binding agreements) in the Company's receipt of total gross cash proceeds (before deduction of fees and expenses) of at least $50.0 million on or before March 31, 2022 (the "Required Equity Amount"), the Lender and the Company were obligated to amend the principal repayment terms under the Sprott Credit Agreement such that no further scheduled payments of principal shall be required prior to May 31, 2025 (the "Maturity Date") (i.e., there will be no required regular amortization payments of the facility and the full principal balance of the facility shall be due and payable in a single "bullet" payment on the Maturity Date). The consummation of the Private Placement as described under "Private Placement" above satisfied the Required Equity Amount condition in the March 2022 Sprott Agreement.

The March 2022 Sprott Agreement also provided that, in connection with the modification of the required facility amortization payments, the Company shall pay in-kind to the Lender an amount equal to $3.3 million, with such amount to be capitalized and added to the principal amount owing under the Sprott Credit Agreement and accrue interest at the same rate and upon the same terms as the existing loans under the Sprott Credit Agreement; provided, the payment or prepayment of such capitalized principal amount shall not be subject to the Prepayment Premium (as defined in the Sprott Credit Agreement) or any other penalty or premium.

*Second Amendment and Restatement of the Sprott Credit Agreement*

On March 14, 2022, the Company reached an agreement in principle with the Lender to modify the terms of the Sprott Credit Agreement and other applicable loan documents. On March 30, 2022, the Company and Lender under the Sprott Credit Agreement entered into the Second Amended and Restated Credit Agreement dated March 30, 2022 ("Second A&R Agreement"), which: (i) extended the maturity date for all of the loans and other principal obligations under the Sprott Credit Facility (as such term is defined in the Second A&R Agreement) by two years, to May 31, 2027; (ii) provided for the Company to prepay principal under the Sprott Credit Facility in the amount of $10.0 million promptly upon the Company's receipt of cash proceeds from the Private Placement offering (the "Initial Equity Proceeds Prepayment"); (iii) provided for the Company to prepay principal under the Second A&R Agreement in the amount of $13.9 million (representing 10% of the subsequent issuance of its equity interests consummated on or prior to March 31, 2022) (the "Subsequent Equity Proceeds Prepayments"); and (iv) eliminated the prepayment premiums otherwise payable with respect to the Initial Equity Proceeds Prepayment, the Subsequent Equity Proceeds Prepayments and all future prepayments of principal under the Sprott Credit Facility. In addition, the Company's obligations: (i) to prepay principal with proceeds of asset sales were credited/offset by the $23.9 million aggregate amount of Initial Equity Proceeds Prepayment and the Subsequent Equity Proceeds Prepayments; and (ii) to maintain a minimum amount of Unrestricted Cash (as defined in the Second A&R Agreement) was increased to $15.0 million. Pursuant to the agreement in principle, the Company made the Initial Equity Proceeds Prepayment of $10.0 million and paid in-kind a $3.3 million fee in connection with the modification and capitalized it to principal on March 16, 2022; and following the execution of the Second A&R Agreement on March 30, 2022, the Company (i) paid the previously deferred additional interest payment of $0.5 million, and (ii) made the Subsequent Equity Proceeds Prepayment of $13.9 million. After giving effect to such prepayments the outstanding principal balance under the Second A&R Agreement was $57.9 million as of March 31, 2022 (before issuance discounts) including unpaid additional interest of approximately $7.1 million.

*At-the-market Offering of Common Shares*

On March 15, 2022, the Company implemented an "at-the-market offering" program ("ATM Program") by entering into an At Market Issuance Sales Agreement (the "Sales Agreement") with B. Riley Securities, Inc. (the "Agent"). Under the terms of the Sales Agreement, the Company had the right from time to time to or through the Agent, acting as sales agent or principal, to offer and sell shares of the Company's common stock having a gross sales price of up to $500.0 million. The compensation payable to the Agent for sales of shares pursuant to the Sales Agreement was equal to 3.0% of the gross sales price for any shares of common stock sold through the ATM Program by Agent as sales agent under the Sales Agreement. Shares sold under the Sales Agreement, were issued pursuant to the Company's shelf registration statement on Form S-3 (No. 333-257567) (the

"Registration Statement") that the SEC declared effective on July 13, 2021, including the prospectus, dated July 13, 2021, and the prospectus supplement, dated March 15, 2022.

On March 25, 2022, the Company terminated the ATM Program having sold 89,553,584 shares of common stock and generated aggregate gross proceeds before commissions and offering expenses of approximately $138.6 million.

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

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

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

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

*COVID-19*

The Company has implemented health and safety policies for employees, contractors, and visitors that follow the guidelines published by the Centers for Disease Control ("CDC") and the Mine Safety and Health Administration ("MSHA"). During the nine months ended September 30, 2022, the Company's operations faced certain limitations due to COVID-19, however the impact, while negative, did not materially or adversely impact the Company's operations.

**2022 Outlook**

The Company's current operating plan is to: (i) operate safely as the Company undertakes its 2022-2023 exploration program and continues to process the drain down solutions; (ii) advance completion of the metallurgical test work associated with the 2021 drill program and variability test work program; (iii) conduct exploration activities and targeted exploration drilling as outlined in our 2022-2023 exploration program, (iv) evaluate results from the Company's recently initiated 2022-2023 exploration program; and (v) advance the Acid POX process development for gold and silver extraction from sulfide ores. The Company now expects to substantially complete recovery of gold and silver from the heap leach pads by the end of 2022. The Company may recover immaterial amounts of gold and silver during the first quarter of 2023.

### Hycroft Mine

*Operations*

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

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| Ounces recovered - gold | *(oz)* | 3,480 | 14,831 | 14,404 | 45,532 |
| Ounces recovered - silver | *(oz)* | 3,743 | 91,437 | 34,258 | 320,812 |
| Ounces sold - gold | *(oz)* | 4,817 | 16,354 | 11,557 | 43,244 |
| Ounces sold - silver | *(oz)* | 15,131 | 105,478 | 32,010 | 352,480 |
| Average realized sales price - gold | *($/oz)* | $ 1,756 | $ 1,781 | $ 1,822 | $ 1,794 |
| Average realized sales price - silver | *($/oz)* | $ 19.96 | $ 24.15 | $ 21.82 | $ 25.94 |

As shown above, ounces recovered and ounces sold decreased during the three and nine months ended September 30, 2022, compared with the same period of the prior year. These decreases reflect the Company's decision to cease mining operations in November 2021. The Company expects to continue to recover gold and silver from the drain down solutions until such time that it is no longer economic, which is expected to be the end of 2022.

### Results of Operations

*Revenues*

*Gold revenue*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Gold revenue | $ 8,456 | $ 29,129 | $ 21,057 | $ 77,570 |
| Gold ounces sold | 4,817 | 16,354 | 11,557 | 43,244 |
| Average realized price (per ounce) | $ 1,756 | $ 1,781 | $ 1,822 | $ 1,794 |

During the three and nine months ended September 30, 2022, gold revenue was $8.5 million and $21.1 million, respectively, compared to $29.1 million and $77.6 million, respectively, for the comparable periods of 2021. The significant decrease in revenue during the 2022 period was attributable to the cessation of mining operations in November 2021. As a result, significantly less ore was under leach during the 2022 period as compared to the prior period of 2021.

*Silver revenue*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Silver revenue | $ 302 | $ 2,547 | $ 698 | $ 9,143 |
| Silver ounces sold | 15,131 | 105,478 | 32,010 | 352,480 |
| Average realized price (per ounce) | $ 19.96 | $ 24.15 | $ 21.82 | $ 25.94 |

During the three and nine months ended September 30, 2022, silver revenue was $0.3 million and $0.7 million, respectively, compared to $2.5 million and $9.1 million, respectively, for the comparable period of 2021. Similar to gold revenue, the decrease in silver revenue during the first nine months of 2022 was attributable to the cessation of mining activities in November 2021.

*Total cost of sales*

Total cost of sales consists of *Production costs*, *Depreciation and amortization,* and *Mine site period costs*. The table below summarizes total cost of sales for the following periods (dollars in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Production costs | $ 8,803 | $ 30,616 | $ 22,020 | $ 77,927 |
| Depreciation and amortization | 1,025 | 1,577 | 2,577 | 4,191 |
| Mine site period costs | 1,409 | 11,467 | 10,429 | 24,445 |
| Total cost of sales | $ 11,237 | $ 43,660 | $ 35,026 | $ 106,563 |

*Production costs*

For the three and nine months ended September 30, 2022, the Company recognized $8.8 million and $22.0 million, respectively, in *Production costs*, or $1,827 and $1,905, respectively, per ounce of gold sold, compared to $30.6 million and $77.9 million, respectively, or $1,872 and $1,802, per ounce of gold, sold during the same period of 2021. The decrease in total *Production costs* was primarily due to a respective decrease in gold ounces sold of 11,537 and 31,687 ounces sold.

*Depreciation and amortization*

*Depreciation and amortization* was $1.0 million and $2.6 million, respectively, or $213 and $223, respectively, per ounce of gold sold for the three and nine months ended September 30, 2022, compared to $1.6 million and $4.2 million, or $96 and $97, per ounce of gold sold, during the same periods of 2021. The increase in total depreciation and amortization costs per ounce of gold sold was largely due to a decrease of 11,537 and 31,687, respectively, of gold ounces sold during the three and nine months ended September 30, 2022 compared to the same periods of 2021.

*Mine site period costs*

During the three and nine months ended September 30, 2022, inclusive of depreciation and amortization, the Company recorded $1.4 million and $10.4 million, respectively, of *Cost of sales* for costs that were in excess of the net realizable value per ounce of gold inventories, compared to $11.5 million and $24.4 million, respectively, during the same periods of 2021. Such period costs were generally the result of costs related to activities at the Hycroft Mine that do not qualify for capitalization to production-related inventories or adjustments to production inventories that were the result of recurring or significant downtime or delays, unusually high levels of repairs, inefficient operations, overuse of processing reagents, inefficient cost-volume structures, or other unusual costs and activities, and cannot be recorded to production-related inventories based on the threshold established by the calculation of the estimated net realizable value per ounce of gold.

*General and administrative*

*General and administrative* totaled $3.0 million and $11.4 million, respectively, during the three and nine months ended September 30, 2022 compared to $3.3 million and $12.3 million, respectively, during the same period of 2021.

The decrease of $0.3 million during the three months ended September 30, 2022 was primarily due to decreases in salary and compensation costs of $0.2 million due to reduced headcount as a result of the cessation of mining operations in November 2021, legal fees and insurance related costs of $0.1 million and other costs of $0.1 million. These decreases were offset by an increase in consulting fees of $0.1 million.

The decrease of $0.9 million during the nine months ended September 30, 2022 was primarily due to decreases in salary and compensation costs of $1.7 million, insurance related fees of $0.6 million, and legal fees of $0.3 million. These decreases were partially offset by an increases in consulting fees of $1.6 million and professional dues and recruiting expenses of $0.1 million.

*Projects, exploration, and development*

During the three and nine months ended September 30, 2022, *Projects, exploration, and development* costs totaled $7.0 million and $8.2 million, respectively, compared to $2.3 million and $3.9 million, respectively, for the same period of 2021. *Projects, exploration, and development* were related to: (i) completing technical studies; (ii) conducting geological studies; (iii) oversight and project management; and (iv) exploration drilling, engineering, and metallurgical activities. The increase of $4.7 million during the three months ended September 30, 2022 was the result of the Company's exploration drill program which was initiated in July 2022. There were no comparable exploration drill programs during the 2021 period. The increase of $4.3 million during the nine months ended September 30, 2022 was the result of the exploration program discussed above and additional costs incurred related to the completion of the 2022 Hycroft TRS compared to drilling costs during the nine months ended September 30, 2022 related to exploration drilling completed during the 2021 drilling program.

*Interest expense, net of capitalized interest*

As discussed and detailed in *Note 10 - Debt, Net* to the Notes to the Financial Statements, *Interest expense, net of capitalized interest* totaled $4.5 million and $14.0 million, respectively, during the three and nine months ended September 30, 2022, compared to $5.5 million and $15.2 million, respectively, during the same period in 2021. The decreases of $1.0 million and $1.2 million, respectively, during the three and nine months ended September 30, 2022 were the result of a decrease in the outstanding obligation for the Sprott Credit Agreement as the Company repaid portions of the balance in March 2022. This decrease was offset by an increase in the balance outstanding on the Subordinated Notes at September 30, 2022 as compared to the same periods in 2021. The higher outstanding balance for the Subordinated Notes was due to quarterly interest payments that are paid in-kind as additional indebtedness.

*Interest income*

*Interest income* totaled $0.8 million for both the three and nine months ended September 30, 2022. In July 2022, the Company invested a portion of its cash balances in AAAm rated US Government Money Market Funds that are readily convertible to cash. These investments earned the Company $0.7 million in interest during the three months ended September 30, 2022. In addition, the Company began earning interest on its *Restricted cash* balances in June 2022. The Company has earned $0.2 million on its *Restricted cash* since June 2022.

*Fair value adjustments to warrants*

During the three months ended September 30, 2022, the *Fair value adjustments to warrants* resulted in a non-cash gain of $1.1 million, as the market trading values of the publicly listed warrants decreased during the period. During the nine months ended September 30, 2022, the *Fair value adjustments to warrants* resulted in a non-cash loss of $0.5 million, as the market trading values of the publicly listed warrants increased during the period.

During the three and nine months ended September 30, 2021, the *Fair value adjustments to warrants* resulted in a non-cash gain of $0.8 million and $11.0 million, respectively, as the market trading values of the publicly listed warrants decreased, which was primarily due to a decrease in the underlying trading price of the common stock.

Refer to *Note 12 - Warrant Liabilities* to the Notes to the Financial Statements for further detail.

*Commissions expense*

During the three months ended September 30, 2022, the Company paid $0.9 million in commissions to a sales broker related to the sale of a ball mill. The commission on the sale was due upon the receipt of $1.0 million in proceeds, which occurred during August 2022. The Company did not pay any commissions during the 2021 periods.

*Income taxes*

The Company incurred no net income tax expense or benefit for the three and nine months ended September 30, 2022. During the three and nine months ended September 30, 2021, the Company recorded an income tax benefit of $0.1 million for discrete items related estimated tax payments submitted prior to the Recapitalization Transaction. The Company has not recorded any future income tax benefits for net losses, due to a full valuation allowance recorded against the net operating loss carryforward.

Section 382 of the Internal Revenue Code ("IRC") imposes limitations on the use of U.S. federal net operating losses ("NOLs") upon a more than 50% change in ownership in the Company (as defined in the IRC) within a three-year period. In connection with its at-the-market equity offering, the Company underwent a Section 382 ownership change on March 25, 2022. As a result, utilization of the Company's NOLs and certain unrealized losses are limited on an annual basis. If the Section 382 annual limitation amount is not fully utilized in a particular tax year, then the unused portion from that tax year is added to the Section 382 annual limitation in subsequent years. The Company's annual limitation under Section 382 is estimated to be approximately $1.3 million.

For additional details, refer to *Note 17 - Income Taxes* to the Notes to the Financial Statements.

*Net loss*

For the reasons discussed above, the Company recorded a net loss of $15.8 million and $46.9 million, respectively, for the three and nine months ended September 30, 2022, which included a gain from *Fair value adjustments to warrants* of $1.1 million and a loss of $0.5 million, respectively. The Company recorded net losses of $23.2 million and $41.3 million, respectively, for the three and nine months ended September 30, 2021, which included a gain of $0.8 million and $11.0 million, respectively, from *Fair value adjustment to warrants*.

**Liquidity and Capital Resources**

*General*

The Company's unrestricted cash position at September 30, 2022 was $153.4 million as compared with $12.3 million at December 31, 2021. While the Company plans to continue processing gold and silver from the drain down solutions through the end of 2022 after ceasing mining operations and partially offset the cash that is projected to be used in operations and investing activities, the Company does not expect to generate net positive cash for the foreseeable future. Accordingly, the Company will be dependent on its unrestricted cash and other sources of cash to fund the business. As discussed in *Note 14 - Stockholders' Equity* in the Notes to the Financial Statements, the Company raised gross proceeds of approximately $194.4 million in March 2022, before deduction of commissions and expenses, through the following equity financings:

- On March 14, 2022, the Company entered into the Subscription Agreements with AMC and 2176423 Ontario Limited pursuant to which the Company sold on March 15, 2022 an aggregate of 46,816,480 units, each unit consisting of one share of common stock and one warrant to purchase one share of common stock, at a purchase price of $1.193 per unit for total gross proceeds, before deduction of fees and expenses, of $55.9 million.

- On March 15, 2022, the Company implemented the ATM Program. On March 25, 2022, the Company terminated the ATM Program and announced that it had sold 89,553,584 shares of common stock under the ATM Program and generated aggregate gross proceeds before commissions and offering expenses of approximately $138.6 million.

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

Historically, the Company has been dependent on various forms of debt and equity financing to fund its business. While the Company has been successful in the past raising funds through equity and debt financings, no assurance can be given that additional financing will be available to it in amounts sufficient to meet the Company's needs or on terms acceptable to the Company. In the event that funds are not available, the Company may be required to materially change its business plans.

To avoid potential non-compliance with the Sprott Credit Agreement, the Company obtained a series of waivers and entered into amendments to the Sprott Credit Agreement. Please see Debt Covenants below and *Note 10 - Debt, Net* in the Notes to the Financial Statements for information regarding additional waivers received and modifications to the Sprott Credit Agreement, including the Second A&R Agreement.

The Company's future liquidity and capital resources management strategy entails a disciplined approach to monitor the timing and depth of any drilling, metallurgical and mineralogical studies and the continuation of processing the remaining drain down solutions while attempting to remain in a position that allows the Company to respond to changes in the business environment, such as a decrease in metal prices or lower than forecasted future cash flows, and changes in other factors beyond the Company's control. The Company has undertaken efforts aimed at managing its liquidity and preserving its capital resources by, among other things: (i) monitoring metal prices and the impacts (near-term and future) they have on the business and cash flows; (ii) ceasing open pit mining operations to reduce net cash outflows while continuing to process drain down solutions until such time as it is no longer economic; (iii) reducing the size of the workforce to reflect the cessation of mining operations; (iv) controlling working capital and managing discretionary spending; (v) reviewing contractor usage and rental agreements for more economic options, including termination of certain agreements in accordance with their terms; (vi) decreasing *Restricted Cash* balances that collateralize bonds, as available; and (vii) planning the timing and amounts of capital expenditures and drilling, metallurgical and mineralogical study costs at the Hycroft Mine and deferring such items that are not expected to benefit our near term operating plans. The Company has undertaken and continues to undertake additional efforts including: (i) monetizing non-core assets and excess materials and supplies inventories; (ii) returning excess rental and leased equipment; (iii) selling certain uninstalled grinding mills that are not expected to be needed for a future milling operation; (iv) selling other uninstalled grinding mills if the proceeds contribute to enhancing a future milling operation; and (v) working with existing debt holders to adjust debt service requirements.

*Cash and liquidity*

The Company has placed substantially all of its cash in operating and investing accounts with a well-capitalized financial institution, thereby ensuring balances remain readily available. Due to the nature of its operations and the composition of current assets, *Cash and cash equivalents*, metal inventories and *Accounts receivable* represent substantially all of the liquid assets on hand. Additionally, the Company is provided with additional liquidity as ounces are recovered from the *Ore on leach pads*, processed into finished goods, and sold at prevailing spot prices to customers.

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Cash | $ 153,403 | $ 12,342 |
| Accounts receivable | 978 | — |
| Metal inventories(1) | 8,294 | 6,693 |
| Ore on leach pads(2) | — | 10,106 |
| Assets held-for-sale, net of option payments received of $6.4 million | 3,783 | 11,558 |
| Total projected sources of future liquidity | $ 166,458 | $ 40,699 |

(1) Metal inventories contained approximately 6,707 recoverable ounces of gold that are expected to be sold within the next 12 months. Assuming a gold selling price of $1,671 per ounce (the September 30, 2022 P.M. fix) and excluding any proceeds from silver sales, the sale of all gold ounces estimated to be recovered from metal inventories would provide $11.2 million of revenue. See *Note 3 - Inventories and Ore on Leach Pads* to the Notes to the Financial Statements for additional information.

(2) As of September 30, 2022, the Company had recovered all previously estimated gold and silver ounces previously placed on the leach pads. See *Note 3 - Inventories and Ore on Leach Pads* to the Notes to the Financial Statements for additional information.

*Nine months ended September 30, 2022 compared to nine months ended September 30, 2021*

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Net loss | $ (46,891) | $ (41,328) |
| Net non-cash adjustments | 14,431 | 10,710 |
| Net change in operating assets and liabilities | 7,161 | 3,568 |
| Net cash used in operating activities | (25,299) | (27,050) |
| Net cash provided by (used in) investing activities | 2,469 | (11,908) |
| Net cash provided by (used in) financing activities | 163,260 | (3,036) |
| Net increase (decrease) in cash | 140,430 | (41,994) |
| Cash, cash equivalents and restricted cash, beginning of period | 46,635 | 96,040 |
| Cash, cash equivalents and restricted cash, end of period | $ 187,065 | $ 54,046 |

*Cash used in operating activities*

During the nine months ended September 30, 2022, the Company used $25.3 million of cash in operating activities primarily attributable to a net loss of $46.9 million, the cash impact of which was equal to $32.5 million, and $7.2 million was provided by working capital, which included a $8.6 million decrease for production-related inventories as the Company continued to process the remaining gold and silver ore on its leach pads and in its drain down solutions, which was partly offset by cash used to reduce *Accounts payable* of $3.8 million. The largest non-cash items included in net loss during the nine months ended September 30, 2022 included a $0.5 million loss from *Fair value adjustments to warrants* and *Non-cash portion of interest expense* of $10.1 million.

For the nine months ended September 30, 2021, the Company used $27.1 million of cash in operating activities primarily attributable to a net loss of $41.3 million, the cash impact of which was equal to $30.6 million, and $3.6 million used for working capital, which included $5.4 million used to increase production-related inventories. The largest non-cash items included in net loss during the nine months ended September 30, 2021 included a $11.0 million gain from *Fair value adjustments to warrants and Non-cash portion of interest expense* of $13.0 million.

*Cash provided by (used in) investing activities*

During the nine months ended September 30, 2022, investing activities provided cash of $2.5 million primarily from the sale of assets included in *Assets held for sale,* for gross proceeds of $1.4 million and other mobile mine equipment and materials and supplies for gross proceeds of $2.0 million. In addition, the Company purchased equipment of $0.9 million.

For the nine months ended September 30, 2021, the Company used $11.9 million in investing activities which primarily related to expenditures of (i) $3.7 million for purchased equipment and refurbishments; (ii) $2.9 million related to metallurgical and mineralogical studies; and (iii) $2.5 million spent on the leach pad expansion project (which excluded $0.7 million of capitalized interest) to complete construction to the appropriate point at which the Company believed that there would be minimal risk of adverse impacts to the leach pad.

*Cash provided by (used in) financing activities*

During the nine months ended September 30, 2022, cash provided by financing activities of $163.3 million was primarily related to the equity offerings completed during the period: (i) the Private Placement offering completed on March 15, 2022 for net cash proceeds of $55.4 million, and (ii) the ATM Program completed on March 25, 2022 for net cash proceeds of $133.5 million. These amounts were offset by the required prepayments under the Second A&R Agreement of $25.5 million, including $1.6 million of additional interest.

During the nine months ended September 30, 2021, the Company repaid $0.6 million of the Additional Interest which was classified as debt under the terms of the Sprott Credit Agreement.

*Future capital and cash requirements*

The following table provides the Company's gross contractual cash obligations as of September 30, 2022, which are grouped in the same manner as they are classified in the condensed consolidated statement of cash flows in order to provide a better understanding of the nature of the obligations and to provide a basis for comparison to historical information. The Company believes that the following provides the most meaningful presentation of near-term obligations expected to be satisfied using current and available sources of liquidity (dollars in thousands):

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1 - 3 Years | 3 - 5 Years | More than 5 Years |
| Operating activities: | | | | | |
| Net smelter royalty[1] | $ 241,000 | $ 500 | $ — | $ — | $ 240,500 |
| Remediation and reclamation expenditures[2] | 70,100 | — | — | — | 70,100 |
| Interest payments[3] | 20,082 | 4,385 | 13,154 | 2,543 | — |
| Crofoot Royalty[4] | 4,630 | — | — | — | 4,630 |
| Financing activities: | | | | | |
| Repayments of debt principal[3] | 152,047 | 127 | 237 | 151,683 | — |
| Additional interest payments[5] | 6,049 | 2,200 | 3,849 | — | — |
| Total | $ 493,908 | $ 7,212 | $ 17,240 | $ 154,226 | $ 315,230 |

(1) Under the Sprott Royalty Agreement, the Company is required to pay a perpetual royalty equal to 1.5% of the Net Smelter Returns from the Hycroft Mine, payable monthly that also includes an additional amount for withholding taxes payable by the royalty holder. Amounts presented above incorporate mineral resource estimates as reported in the 2022 Hycroft TRS and are based on consensus pricing for gold and silver. See *Note 11 - Deferred Gain on Sale of Royalty* to the Notes to the Financial Statements for additional information.

(2) Mining operations are subject to extensive environmental regulations in the jurisdictions in which they are conducted and we are required, upon cessation of operations, to reclaim and remediate the lands that our operations have disturbed. The estimated undiscounted cash outflows of these remediation and reclamation obligations are reflected here. In the above presentation, no offset has been applied for the $58.3 million of our reclamation bonds or for the $33.7 million of cash collateral for those bonds included in *Restricted Cash*.

(3) Repayments of principal on debt consists of amounts due under the Sprott Credit Agreement (as amended by the Second A&R Agreement), the Subordinated Notes and notes payable for equipment purchases. Included in the repayment of the Subordinated Notes principal is interest that has been capitalized as payable in-kind on a quarterly basis, and on a monthly basis for the Sprott Credit Agreement (as amended by the Second A&R Agreement) for the first 12 months after the initial advance. Also included in the repayment of the Sprott Credit Agreement is the $3.3 million fee that has been capitalized as payable in-kind in connection with the Second A&R Agreement. See *Note 10 - Debt, Net* to the Notes to the Financial Statements for additional information.

(4) The Company is required to pay a 4% net profits royalty, including advance royalty payments of $120,000 in any year where mining occurs on the Crofoot claims and an additional $120,000 if tons mined from the Crofoot claim blocks exceed 5.0 million tons ("Crofoot Royalty"). See *Note 22 - Commitments and Contingencies* to the Notes to the Financial Statements for additional information. Amounts shown represent the current estimates of cash payment timing using consensus pricing for gold and silver.

(5) Additional interest payments consist of repayments of additional interest under the Sprott Credit Agreement (as amended by the Second A&R Agreement), commencing February 28, 2021 (with the first cash payment due three months after such date) and ending on the maturity date. See *Note 10 - Debt, Net* to the Notes to the Financial Statements for additional information.

*Debt covenants*

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

The Sprott Credit Agreement (as amended by the Second A&R Agreement) contains covenants that, among other things, restrict or limit the ability of the Company to enter into encumbrances (other than Permitted Encumbrances), incur indebtedness (other than Permitted Indebtedness), dispose of its assets (other than Permitted Disposals), pay dividends, and purchase or redeem shares, as such terms are defined in the Sprott Credit Agreement (as amended by the Second A&R Agreement). The Sprott Credit Agreement (as amended by the Second A&R Agreement) requires the Company to ensure that, at all times, both its Working Capital and Unrestricted Cash are at least $10.0 million (subsequently reduced by the Waiver and Waiver Amendment and increased by the Second A&R Agreement, each as discussed below), as such terms are defined in the Sprott Credit Agreement (as amended by the Second A&R Agreement), and that at least every six months the Company demonstrates its ability to repay and meet all present and future obligations as they become due with a financial model that uses consensus gold prices discounted by 5.0%. The Subordinated Notes include customary events of default, including those relating to a failure to pay principal or interest, a breach of a covenant, representation or warranty, a cross-default to other indebtedness, and non-compliance with security documents. As of September 30, 2022, the Company was in compliance with all covenants under its debt agreements.

On February 28, 2022, the Company entered into the February 2022 Waiver and Amendment with the Lender amending the November 2021 Waiver. Pursuant to the February 2022 Waiver and Amendment, the Lender: (i) waived the Company's obligation under the Sprott Credit Agreement to maintain at least $9.0 million of Unrestricted Cash on the last day of each calendar month during the period ending May 10, 2022 (the "Waiver Period"), provided that, the Company maintained at least $7.5 million of Unrestricted Cash on the last day of February 2022 and at least $9.0 million on the last day of each month thereafter during the Waiver Period; (ii) waived all obligations of the Company to prepay the facility with the net cash proceeds of any Mill Asset Sales (as defined in the February 2022 Waiver and Amendment) until the earlier of: (a) the date on which the Company completes a private placement or other offering or issuance of its equity securities (the "Offering Date"); and (b) March 31, 2022; and (iii) extended the payment due date for the additional February interest payment and the February principal payment until the earlier of: (a) the Offering Date; and (b) March 31, 2022. Further, pursuant to the February 2022 Waiver and Amendment, any failure by the Company to comply with the terms of the preceding sentence would constitute an immediate Event of Default under the Credit Agreement.

On March 11, 2022, the Company entered into the March 2022 Sprott Agreement with the Lender with respect to the Sprott Credit Agreement. As described in the March 2022 Sprott Agreement, the Company was contemplating Equity Financing Transactions to be completed on or before March 31, 2022. Pursuant to the March 2022 Sprott Agreement, if the Equity Financing Transactions result (or were likely to result pursuant to definitive subscription underwriting and/or similar legally binding agreements) in the Company's receipt of total gross cash proceeds (before deduction of fees and expenses) of the Required Equity Amount on or before March 31, 2022, the Lender and the Company were obligated to amend the principal repayment terms under the Sprott Credit Agreement such that no further scheduled payments of principal shall be required prior to May 31, 2025 (the "Maturity Date") (i.e., there will be no required regular amortization payments of the facility and the full principal balance of the facility shall be due and payable in a single "bullet" payment on the Maturity Date). The consummation of the Private Placement satisfied the Required Equity Amount condition in the March 2022 Sprott Agreement.

The March 2022 Sprott Agreement also provided that, in connection with the modification of the required facility amortization payments, the Company shall pay to the Lender an amount equal to $3.3 million, with such payment to be capitalized and added to the principal amount owing under the Sprott Credit Agreement and accrue interest at the same rate and upon the same terms as the existing loans under the Sprott Credit Agreement; provided, the payment or prepayment of such capitalized principal amount shall not be subject to the Prepayment Premium (as defined in the Sprott Credit Agreement) or any other penalty or premium.

On March 14, 2022, the Company reached an agreement in principle with the Lender to modify the terms of the Sprott Credit Agreement and other applicable loan documents. On March 30, 2022, the Company and Lender under the Sprott Credit Agreement entered into the Second A&R Agreement, which: (a) extended the maturity date for all of the loans and other principal obligations under the Sprott Credit Facility by two years, to May 31, 2027; (b) provided for the Initial Equity Proceeds Prepayment in the amount of $10.0 million promptly upon the Company's receipt of cash proceeds from the Private Placement; (c) provided for the Subsequent Equity Proceeds Prepayments in the amount of $13.9 million (representing 10% of the subsequent issuance of its equity interests consummated on or prior to March 31, 2022); and (d) eliminated the prepayment premiums otherwise payable with respect to the Initial Equity Proceeds Prepayment, the Subsequent Equity Proceeds Prepayments and all future prepayments of principal under the Sprott Credit Facility. In addition, the Company's obligations to: (i) prepay principal with proceeds of asset sales were credited/offset by the $23.9 million aggregate amount of Initial Equity

Proceeds Prepayment and the Subsequent Equity Proceeds Prepayments; and (ii) to maintain a minimum amount of Unrestricted Cash was increased to $15.0 million. Pursuant to the agreement in principle, the Company made the Initial Equity Proceeds Prepayment of $10.0 million and paid in kind a $3.3 million fee in connection with the modification and capitalized it to principal on March 16, 2022 and following the execution of the Second A&R Agreement on March 30, 2022, the Company: (i) paid the previously deferred additional interest payment of $0.5 million; and (ii) made the Subsequent Equity Proceeds Prepayment of $13.9 million. After giving effect to such prepayments the outstanding principal balance under the Second A&R Agreement was estimated as of September 30, 2022 to be $57.9 million (before issuance discounts) including unpaid additional interest of approximately $7.1 million.

*Off-balance sheet arrangements*

As of September 30, 2022, the Company's off-balance sheet arrangements consisted of a net profit royalty arrangement and a net smelter royalty arrangement (see *Note 22 - Commitments and Contingencies* to the Notes to the Financial Statements).

**Accounting Developments**

The following accounting pronouncements were adopted by the Company during the nine months ended September 30, 2022:

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). ASU 2020-06 simplifies guidance on accounting for convertible instruments and contracts in an entity's own equity including calculating diluted earnings per share. For emerging growth companies, the new guidance is effective for annual periods beginning after December 15, 2022. The Company early adopted ASU 2020-06 as of January 1, 2022, with no material impact on its financial statements or the related disclosures.

In December of 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), as part as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Amendments include removal of certain exceptions to the general principles of ASC 740, Income Taxes and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. For emerging growth companies, the new guidance was effective for annual periods beginning after December 15, 2021 and the Company adopted ASU 2019-12 as of January 1, 2022, with no material impact on its financial statements or the related disclosures.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)*. ASU 2021-04 clarifies and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (*e.g.,* warrants) that remain equity classified after modification or exchange. ASU 2021-04 provides guidance that will clarify whether an issuer should account for a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as (i) an adjustment to equity and, if so, the related earnings per share effects, if any, or (ii) an expense and, if so, the manner and pattern of recognition. For emerging growth companies, the new guidance was effective for annual periods beginning after December 15, 2021 and the Company adopted ASU 2021-04 as of January 1, 2022, with no material impact on its financial statements or the related disclosures.

**Critical Accounting Estimates**

This MD&A is based on the Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these statements requires the Company to make assumptions, estimates, and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. For information on the most critical accounting estimates used to prepare the Financial Statements, see the Critical Accounting Estimates section included in Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

***Cautionary Statement Regarding Forward-Looking Statements***

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the SEC, all as may be amended from time to time. All statements, other than statements of historical fact, included herein or incorporated by reference, that address activities, events or developments that we expect or anticipate will or may occur in the future, are forward-looking statements, including but not limited to such things as:

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

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

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

Please see “Risk Factors” set forth in our Annual Report on Form 10-K for the year ended December 31, 2021 and other SEC filings, for more information about these and other risks. These risks may include the following and the occurrence of one or more of the events or circumstances alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition and results of operations. Important factors and risks that could cause actual results to differ materially from those in the forward-looking statements include, among others:

- Risks related to changes in our operations at the Hycroft Mine including:
  - Risks associated with the cessation of pre-commercial scale mining operations at the Hycroft Mine;
  - Uncertainties concerning estimates of mineral resources;
  - Risks related to a lack of a completed feasibility study; and
  - Risks related to our ability to re-establish commercially feasible mining operations.

- Industry related risks including:
  - Fluctuations in the price of gold and silver;
  - Uncertainties related to the ongoing COVID-19 pandemic;
  - The intense competition in recruitment and retention of qualified employees within the mining industry;
  - The commercial success of, and risks related to, our development activities;
  - Uncertainties and risks related to our reliance on contractors and consultants;
  - Availability and cost of equipment, supplies, energy, or reagents;
  - The inherently hazardous nature of mining activities, including environmental risks;
  - Potential effects of U.S. federal and state governmental regulations, including environmental regulation and permitting requirements;
  - Uncertainties related to obtaining or retaining approvals and permits from governmental regulatory authorities;
  - Cost of compliance with current and future government regulations, including environmental regulations;
  - Potential challenges to title in our mineral properties;
  - Our insurance may not be adequate to cover all risks associated with our business;

    - Risks associated with proposed legislation could significantly increase the cost of mine development on our unpatented mining claims;
    - Risks associated with regulations and pending legislation governing issues involving climate change could result in increased costs, which could have a material adverse effect on our business; and
    - Changes to the climate and regulations regarding climate change.

- Business-related risks including:
    - Risks related to our ability to raise capital on favorable terms or at all;
    - The loss of key personnel or our failure to attract and retain personnel;
    - Risks related to our substantial indebtedness, including operating and financial restrictions under existing indebtedness, cross acceleration and our ability to generate sufficient cash to service our indebtedness;
    - The costs related to our land reclamation requirements;
    - Risks related to technology systems and security breaches;
    - Possible litigation as a result of a material weakness in our internal controls over financial reporting; and
    - Risks that our principal stockholders will be able to exert significant influence over matters submitted to stockholders for approval.

- Risks related to our common stock and warrants, including:
    - Volatility in the price of our common stock and warrants;
    - Risks related to potential dilution as a result of future equity offerings;
    - Risks associated with future offerings of senior debt or equity securities;
    - Risks related to delisting by Nasdaq;
    - Risks related to the transition away from LIBOR;
    - Risks that warrants may expire worthless and that certain warrants are being accounted for as a liability;
    - Anti-takeover provisions could make a third-party acquisition of us difficult; and
    - Risks related to limited access to our financial disclosure, as we have elected to take advantage of the disclosure requirement exemptions granted to emerging growth companies and smaller reporting companies.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

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

Hycroft Mining Holding Corporation management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act as of September 30, 2022.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022 to provide such reasonable assurance that information required to be disclosed by us, including our consolidated subsidiaries, in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure and is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission's rules and forms.

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

## Part II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

Although the Company qualifies as a smaller reporting company under Item 10(f) of Regulation S-K and risk factors are not required to be included in a quarterly report, we are supplementing the risk factors previously disclosed in the 2021 Form 10-K with the following risk factors:

***We received a delisting notice from the Nasdaq Stock Market and our Common Stock and Warrants could be delisted from trading unless our Common Stock price trades above $1.00 per share.***

On October 3, 2022, we received a written notice from the Listing Qualifications department of The Nasdaq Stock Market ("Nasdaq") indicating that we were not in compliance with the $1.00 minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) (the "Listing Rule) for continued listing on the Nasdaq Capital Market. The written notice from Nasdaq indicated that we will be provided 180 calendar days, or until April 3, 2023, in which to regain compliance. If at any time during this period the bid price of our common stock closes at or above $1.00 per share for a minimum of ten consecutive business days, the Nasdaq Staff will provide us with a written confirmation of compliance and the matter will be closed. Alternatively, if we fail to regain compliance with Rule 5550(a)(2) prior to the expiration of the 180 calendar day period, but meet the continued listing requirement for market value of publicly held shares and all of the other applicable standards for initial listing on The Nasdaq Capital Market, with the exception of the minimum bid price, and provide written notice of our intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary, then we may be granted an additional 180 calendar days to regain compliance with Rule 5550(a)(2). We can provide no assurance that the trading price of our Common Stock will exceed $1.00 per share for a period of ten consecutive trading days and that we will regain compliance with the $1.00 minimum bid price requirement set forth in Listing Rule for continued listing on the Nasdaq Capital Market even if we maintain compliance with the other listing requirements.

***The transition away from the London Interbank Offered Rate ("LIBOR") could have an adverse impact on us.***

The financial markets are in the process of transitioning away from LIBOR to alternative benchmark rate(s), which transition is scheduled to be complete by mid-2023. The calculation of the monthly interest rate on our advances under the Sprott Credit Agreement, as amended and restated by the Second A&R Agreement, is partially based on LIBOR. The Sprott Credit Agreement, as amended and restated by the Second A&R Agreement, contains LIBOR benchmark replacement provisions. At this time, there can be no assurance as to whether any alternative benchmark or resulting interest rates may be more or less favorable than LIBOR or whether there are any other unforeseen impacts of the discontinuation of LIBOR. As a result, the consequences related to this transition could adversely affect our debt service obligations, financing costs, liquidity, financial condition, results of operations or cash flows and could impair our access to the capital markets.

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

On July 28, 2022, the Company issued 1,714,678 shares of common stock to a financial advisor as consideration for entering into a settlement agreement. The number of shares issued was determined using the volume weighted average price on the Nasdaq Capital Market for the 10 trading days preceding the effective date of the agreement. See *Note 14 - Stockholders' Equity* for further details.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Safety and health is our highest priority, which is why we have a mandatory mine safety and health program that includes employee and contractor training, risk management, workplace inspection, emergency response, accident investigation, and program auditing. We consider this program to be essential at all levels to ensure that our employees, contractors, and visitors are always in an environment that is safe and healthy.

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

## ITEM 5. OTHER INFORMATION

(a) None.

(b) Not applicable.

## ITEM 6. EXHIBITS

(a) Exhibits

| Exhibit Number | Description |
|---|---|
| **Rule 13a-14(a)/15d-14(a) Certifications.** | |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended* |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended* |
| **Section 1350 Certifications.** | |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |
| **Mine Safety Disclosure Exhibits.** | |

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|---|---|
| 95.1 | Mine Safety Disclosures* |

**Interactive Data File.**

| | |
|---|---|
| 101.INS | Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)* |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document* |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document* |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document* |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document* |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document* |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

*Filed herewith.

## SIGNATURES

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

**HYCROFT MINING HOLDING CORPORATION**
(Registrant)

Date: November 1, 2022

By: /s/ Diane R. Garrett

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

Date: November 1, 2022

By: /s/ Stanton Rideout

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