Sierra Grande Minerals Inc.

(Formerly Sierra Growth Corp.)

Consolidated Financial Statements

Years Ended December 31, 2021, and 2020

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sierra Grande Minerals Inc. (Formerly Sierra Growth Corp.)

Opinion

We have audited the consolidated financial statements of Sierra Grande Minerals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 02, 2022

SIERRA GRANDE MINERALS INC. (FORMERLY SIERRA GROWTH CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

December 31,	Notes	2021	2020
		$	$
ASSETS			
Current Assets			
Cash		74,831	223,337
Receivables		18,944	6,662
		93,775	229,999
Deposit		-	12,700
Exploration and evaluation assets	4	420,932	-
TOTAL ASSETS		514,707	242,699
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	5	44,894	150,426
TOTAL LIABILITIES		44,894	150,426
SHAREHOLDERS' EQUITY			
Share capital	6	12,158,372	11,414,732
Reserves	6	4,615,058	4,371,153
Deficit		(16,303,617)	(15,693,612)
TOTAL EQUITY		469,813	92,273
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		514,707	242,699

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

Nature and continuance of operations	1
Subsequent events	10
Commitments	4
Contingencies	11

Approved On Behalf of the Board

"Sonny Janda"
Sonny Janda, Director

"Shaun Dykes"
Shaun Dykes, Director

SIERRA GRANDE MINERALS INC. (FORMERLY SIERRA GROWTH CORP.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

Year ended December 31,	Notes	2021 $	2020 $
Operating expenses			
Amortization		-	1,081
Advertisement and promotion		68,148	-
Exploration – general		10,100	-
Filing and transfer fees		73,765	30,207
Foreign exchange expenses (gain)		(3,876)	(4,307)
Management and consulting	7	222,705	230,722
Office, occupancy, and general		54,537	44,287
Professional fees		56,224	57,581
Share-based compensation	6	243,905	44,000
Loss before the followings:		725,508	403,571
Gain on disposition of exploration and evaluation assets	4	-	(219,390)
Gain on disposition of subsidiaries	2	(31,495)	-
Gain on accounts payable settlement	5	(84,008)	-
Impairment of exploration and evaluation assets		-	1,723,890
Net and comprehensive loss		610,005	1,908,071
Basic and diluted loss per share		(0.06)	(0.23)
Weighted average number of shares outstanding- basic and diluted	6	10,354,791	8,221,416

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

SIERRA GRANDE MINERALS INC. (FORMERLY SIERRA GROWTH CORP.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars, except share number)

	Share Capital		Reserves			
	Number	Amount	Option	Warrant	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2019	8,221,416	11,414,732	2,872,403	1,454,750	(13,785,541)	1,956,344
Share-based compensation	-	-	44,000	-	-	44,000
Net loss for the year	-	-	-	-	(1,908,071)	(1,908,071)
Balance at December 31, 2020	8,221,416	11,414,732	2,916,403	1,454,750	(15,693,612)	92,273
Share issued for cash	2,503,800	743,640	-	-	-	743,640
Share-based compensation	-	-	243,905	-	-	243,905
Net loss for the year	-	-	-	-	(610,005)	(610,005)
Balance at December 31, 2021	10,725,216	12,158,372	3,160,308	1,454,750	(16,303,617)	469,813

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

SIERRA GRANDE MINERALS INC. (FORMERLY SIERRA GROWTH CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Year ended December 31,	2021	2020
	$	$
Operating activities		
Net loss for the year	(610,005)	(1,908,071)
Adjustments for non-cash items		
Amortization expense	-	1,081
Gain from disposition of exploration and evaluation assets	-	(219,390)
Gain on disposition of subsidiaries	(31,495)	-
Gain on payable settlement	(84,008)	-
Impairment	-	1,723,890
Share-based compensation	243,905	44,000
Changes in non-cash working capital items		
Receivables	(12,282)	(2,167)
Trade payables and accrued liabilities	9,971	30,548
Net cash flows from (used in) operating activities	(483,914)	(330,109)
Investing activities		
Exploration and evaluation assets	(420,932)	(49,912)
Deposit	12,700	(12,700)
Proceeds on disposition of exploration and evaluation assets	-	268,290
Net cash flows from (used in) investing activities	(408,232)	205,678
Financing activities		
Proceeds from issuance of common shares	743,640	-
Net cash flows from (used in) financing activities	743,640	-
Change in cash during the year	(148,506)	(124,431)
Cash, beginning of year	223,337	347,768
Cash, end of year	74,831	223,337

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Grande Minerals Inc. (formerly Sierra Growth Corp. (the “Company”) was incorporated under the laws of the province of Ontario on November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company changed its name to Sierra Grande Minerals Inc. on June 22, 2021.

The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “GVG” as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”. Commencing June 18, 2021, the Company’s shares began to trade on the OTCQB Venture Market (“OTCQB”) in the United States under the symbol “SIERF”.

The head office, principal address and records office of the Company are 9648-128th Street, Suite 210, Surrey, BC V3T 2X9.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations as at December 31, 2021. The Company had not advanced its mining properties to commercial production and has incurred operating losses since inception of its business. The Company’s continuation as a going concern is dependent upon the successful results from its exploration, its ability to attain profitable operations and generate funds from equity, and debt financing to meet its obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements and debt financing from related parties. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian and United States federal government as well as provincial/state and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company’s ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC")

These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 2, 2022

Basis of Measurement

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage Owned	
	Country of Incorporation	December 31, 2021	December 31, 2020
Grenville Silveria Ltd.	Canada	Nil	100%
Grenville Espanola Holdings Ltd.	Canada	Nil	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	Nil	100%
Upper Canyon Minerals Peru S.A.C.	Peru	Nil	100%

During the year ended December 31, 2021, the Company disposed various dormant subsidiaries. As a result, the Company has recognized a gain of $31,495 from deconsolidation accordingly. Inter-company balances and transactions are eliminated on consolidation.

Significant Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are adjusted for prospectively in the period in which the estimates are raised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the classification/allocation of expenditures as exploration and evaluation expenditures of operation expenses, the valuation of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

2. BASIS OF PRESENTATION (Continued)

Significant Judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and
- the determination of the functional currency of the Company and its subsidiaries.

Functional Currency

The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is Canadian dollar. These financial statements are presented in the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since the last year ended December 31 2020.

Foreign Currency Translation

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate of the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Exchange differences arising on the translation of the monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exploration and Evaluation Assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Exploration and evaluation expenditures including the costs of acquiring licenses and costs associated with exploration and evaluation activities are capitalized by property. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets are reviewed for impairment if facts or circumstances indicate that impairment exists considering the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceeds, the carrying amount of the exploration and evaluation asset is unlikely to recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and test that asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets in which it has an interest, however these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

Impairment of Non-Financial Assets
The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The recoverable amount of an asset is the greater of its asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an individual asset that does not generate cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates and used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Assets that have an indefinite life are not subject to amortization and are tested annually for impairment.

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company currently has no measurable restoration and environmental obligations.

Share-Based Payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the stock options granted and recognized over the vesting periods. Share-based payments to non-employees are measured at fair value of goods or services received or the fair value of the equity instruments issued, if it is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which stock options are granted. At each reporting date, the amount recognized as expense is adjusted to reflect the actual number of stock options that are expected to vest.

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. As at December 31, 2021 the Company's diluted loss per share was the same as the basic loss per share as the Company did not have any outstanding options and warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

The following table shows the classification under IFRS 9:

Financial assets/liabilities	**Classification**
Cash	FVTPL
Trade payable	Amortized cost
Advance payable	Amortized cost

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL

Impairment of Financial Assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment of Financial Assets (Continued)
In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable is classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Unit issuance
Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

Income Taxes
Current Income Tax
Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Tax

Deferred tax is recorded by providing for temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

4. EXPLORATION AND EVALUATION ASSETS

Primus Property

During the first quarter of 2021, the Company entered into definitive agreements with Primus Resources ("Primus"), a Nevada-based privately held company, whereby Sierra has secured the rights to earn an 100% interest in 3 epithermal gold-silver projects (Giltra/Sat; B&C Springs/Mildred; Betty East) in the State of Nevada, U.S.A., one of which also has porphyry and/or skarn copper-silver-molybdenum potential (collectively the "Projects").

The term of the lease payments and work commitments of the Giltra/Sat project is as follows:

Giltra/Sat

Term	**Cash Payments USD$**	**Work Commitments USD$**	**Share Payments**
At closing (i)	$40,000	-	-
March 1, 2022 (Note 10)	$40,000	-	-
March 1, 2023	$50,000	$75,000	100,000 shares
March 1, 2024	The greater of $50,000 and 29 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

i) USD$ 40,000 was paid at closing.

ii) The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD$395,000 and 232 ounces of gold.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)
Primus Property

The term of the lease payments and work commitments of the B&C Springs/Mildred project is as follows:

B&C Springs/Mildred

Term	Cash Payments USD$	Work Commitments USD$	Share Payments
At closing (i)	$15,000	-	-
March 1, 2022 (Note 10)	$20,000	-	-
March 1, 2023	$30,000	$75,000	100,000 shares
March 1, 2024	The greater of $40,000 and 24 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

i) USD$ 15,000 was paid at closing.
ii) The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD$295,000 and 174 ounces of gold.

The term of the lease payments and work commitments of the Betty East project is as follows:

Betty East

Term	Cash Payments USD$	Work Commitments USD$	Share Payments
At closing (i)	$20,000	-	-
March 1, 2022 (Note 10)	$25,000	-	-
March 1, 2023	$30,000	$75,000	100,000 shares
March 1, 2024	The greater of $50,000 and 29 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

i) USD$ 20,000 was paid at closing.
ii) The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD$275,000 and 162 ounces of gold.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

During the year ended December 31, 2021, the Company incurred $107,200 for the acquisition of the Primus Property:

- Applied the $12,700 (USD$10,000) deposit previously paid as part of the acquisition cost,
- paid $94,500 (USD$75,000) to the Primus Optioners due at the closing of the definitive agreements, and
- incurred $95,662 in staking additional claims around the Primus Property.

The Company also conducted geo-chemistry programs and incurred expenditures of $187,498.

Continuity of the Company's exploration and evaluation assets is as follow:

	Primus	Espanola	Silveria	Total
	$	$	$	$
Balance, December 31, 2019	-	1,722,878	-	1,722,878
Maintenance of mineral properties	-	1,012	48,900	49,912
Disposition	-	-	(48,900)	(48,900)
Impairment charges	-	(1,723,890)	-	(1,723,890)
Balance, December 31, 2020	-	-	-	-
Acquisition	107,200	-	-	107,200
New claims staking	95,662	-	-	95,662
Deferred exploration cost:				
Permit renewal	30,572	-	-	30,572
Geophysical analysis	187,498	-	-	187,498
Balance, December 31, 2021	420,932	-	-	420,932

Espanola Property

The Company previously owned 100% of the Espanola property which consisted of 17 claims in the San Mateo Mining District in the province of Canete, Peru. The Company was required to pay permit renewal fees for the Espanola Property during the year-ended December 31, 2020. Management has concluded they would like to focus in the acquisition and development of resources properties located in North America. As a result, the Company did not renew the permits of this property and recorded an impairment charge of $1,723,890 as at December 31, 2020.

Silveria Property

During the year ended December 31, 2020 the Company sold its Silveria mining concessions located in Peru, which was fully impaired in 2017, to CIEMSA, a private Peruvian company. The aggregate sale price of USD $1,000,000 is payable over a 3 year period commencing August 21, 2020 as follow:

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Silveria Property (continued)

- USD $200,000 (CDN $254,640) upon signing of agreement (received)
- USD $100,000 (CDN $127,320) after 12 months
- USD $450,000 (CDN $572,940) after 24 months
- USD $250,000 (CDN $318,300) after 36 months.

In addition to the cash payments, the Company retains a 1% Net Smelter Royalty ("NSR") for 3 years commencing upon the date of mineral extraction/production.

Given the uncertainty of the collection of the proceeds of disposition, the Company will recognize the proceeds on the statement of loss and comprehensive loss as received. During the year ended December 31, 2021, the Company has not received further payments from this disposition and the Company has engaged an agent in Peru for the collection of the outstanding proceeds.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
	$	$
Accounts payable	22,894	80,813
Accrued liabilities	22,000	69,613
	44,894	150,426

During the year ended December 31, 2021, the Company settled various accounts payable with value less than the carrying values and recognized a gain of $84,008.

6. SHARE CAPITAL

On March 4, 2022, the Company consolidated its common shares on a 5-1 basis. The presentation of number of outstanding shares, loss per share, exercise price of options and warrants have been adjusted retrospectively in these financial statements and accompanying notes.

Authorized share capital: An unlimited number of common and preferred shares without par value

In February, 2021, the Company completed a private placement and issued 2,503,800 units and received net proceeds of $743,640 (gross proceeds of $751,140 net of issuance cost of $7,500). Each unit consists of one common share and one warrant, exercisable at $0.40 for two years after closing, subject to an accelerated 30-day expiry date in the event the Company's shares trade at or above $1.25 for 10 consecutive days. The Company applied residual method and allocated $Nil to the warrant reserve to account for the issuance of these warrants.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Stock Option

The Company has established a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the CSE. Vesting periods are determined by the Board.

On April 13, 2021, the Company granted 314,000 stock options to directors, officers, employees and consultants. The options are exercisable at $1.25 per share and expire two years from the date of grant. 274,000 options granted were fully vested on April 13, 2021. 40,000 options granted to an investor relation consultant are vested in one year over four quarterly instalments.

Stock options outstanding and exercisable as at December 31, 2021 are summarized as follows:

Exercise price	Number of option outstanding	Expiry date	Number of option exercisable
$0.75	200,000	20-Jul-22	200,000
$1.25	314,000	13-Apr-23	294,000

During the year ended December 31, 2021, the Company incurred $243,905 in share-based compensation (2020 - $44,000). The fair value of options has been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2021	2020
Risk-free interest rate	0.24%	0.27%
Expected life of options	2 years	2 years
Annualized volatility	145%	160%
Dividend rate	0.00%	0.00%

The option reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount is transferred to share capital.

Warrant Reserve

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount is transferred to share capital.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Issuance	2,503,800	$ 2.00
Outstanding at December 31, 2021	2,503,800	$ 2.00

As at December 31, 2021, the outstanding warrants have a remaining life of 1.08 years.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the year ended December 31, 2021, the Company was charged the following consulting fees by the Company's officers/ directors, and/or entities controlled by them:

	Nature	2021	2020
		$	$
Chief Executive Office ("CEO)	Consulting	110,000	90,000
Chief Financial Officer	Consulting	24,000	21,000
Companies related to the CEO	Management services	71,600	78,710
Directors	Consulting	62,887	137,211
		268,487	326,921

During the year ended December 31, 2021, directors and officers of the Company received $ 157,000 (2020 - $38,608) in share-based compensation.

As at December 31, 2021, there was an amount owing of $4,042 (2020 - $38,608) due to related parties that was included in the Company's trade payables and accrued liabilities.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign Exchange Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. A 10% fluctuation in the US dollar and Peruvian Sole would have an impact of $18,900 (2019 – not material) to the Company's net loss for the year.

Interest Rate Risk
Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest in are in the exploration stage; as such, the Company is dependent on external financing to fund activities. To carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

Financial Instruments

The fair value of the Company's assets and liabilities approximate the carrying amount.

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and advance payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identified assets of liabilities;
Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using Level 1 input. The carrying balance of accounts payable approximate its fair value due to their short-term nature.

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income taxes for the years ended December 31, 2021 and 2020 at statutory rates is as follows:

	December 31, 2021 $	December 31, 2020 $
Net loss for the year	(610,005)	(1,908,071)
Enacted statutory tax rate	27 %	27 %
Expected income tax recovery	(164,000)	(515,000)
Permanent differences and other	(54,000)	69,000
Effect of difference in statutory rate applicable to foreign subsidiaries	2,000	(38,000)
Effect of adjustment to prior year tax provision	(75,000)	3,000
Change in unrecognized deferred tax assets	291,000	619,000
	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2021 $	December 31, 2020 $
Deferred Tax Assets		
Non-capital losses	2,927,000	2,704,000
Equipment	41,000	32,000
Exploration and evaluation assets	59,000	-
	3,027,000	2,736,000
Deferred Tax Liabilities		
Exploration and evaluation assets - Peru	-	-
Unrecognized deferred tax assets	(3,027,000)	(2,736,000)
	-	-

As at December 31, 2021, the Company had non-capital losses of approximately $7,505,000 which expire from 2026 to 2040 available to carry forward to offset future taxable income. The Company had losses in Peru of approximately $3,055,000 to carry forward indefinitely but to offset only up 50% of its future taxable income for each subsequent year.

10. SUBSEQUENT EVENTS

Other than the 5-1 share consolidation in March 2022 that has been discussed in the Note 6, the Company has the following subsequent events:

The Company initiated a non-brokered private placement (the "Financing") in April 2022. As at the date of this report, the Company has issued 13,585,999 security unit ("Unit") at a price of $0.15 per unit (the "Unit"). Each Unit consists of one post-consolidation common share in the equity of the Company and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.20 per common share for a period of three years from the closing of the Financing. Warrants are subject to a $0.05 increase in the second and third years of the Warrant term. Warrants are further subject to an acceleration clause, whereby after the first year of the Warrant term, if the common shares of the Company trade and close at $0.60 per common share or higher, the Company has the right to accelerate the Warrants for exercise within 30 days of an exercise notice. Securities issued as a result of the Financing will be subject to a one year hold period. The net proceeds received by the company from the offering are expected to be used for general working capital purposes.

The annual lease payments for the Giltra/Sat project (USD$40,000), B&C Springs/Mildred Project (USD$20,000), and Betty East project (USD$25,000) which was due on March 1, 2022 (Note 4) have been delayed pending the closing of the Financing and subsequently paid on May 1, 2022.

11. CONTINGENCIES

As at the year ended December 31, 2021, the Company's subsidiary Minera Grenville S.A.C. was named as a defendant of four administrative claims for $33,000 (Peru SOLES 103,956). The Company has present the required defense to dismiss these claims. The financial impacts to the Company are not determinable and the Company has not accrued any expenditure or liability as of the date of this report.