NORSEMONT MINING INC.

Consolidated Financial Statements

For the 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 Norsemont Mining Inc.:

Opinion

We have audited the consolidated financial statements of Norsemont Mining Inc. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in equity 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

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
April 20, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

NORSEMONT MINING INC.
Consolidated Statements of Financial Position

As at December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	December 31, 2021	December 31, 2020
		$	$
Assets			
Current assets			
Cash		2,602,049	7,604,968
Amounts receivable	7	15,808	36,895
Prepaid expenses and deposits	7	38,063	137,892
Loan receivable	7	23,500	23,500
Share subscription receivable	6,15	46,100	46,455
		2,725,520	7,849,710
Non-current			
Term deposit		28,750	-
Property and equipment	4	88,300	2,950
Mineral properties	3	27,477,053	27,515,177
		27,594,103	27,518,127
		30,319,623	35,367,837
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5,7	1,425,378	143,686
Amount owing on mineral properties	3,15	633,900	636,600
Lease liability	13	43,900	-
		2,103,178	780,286
Non-current liabilities			
Lease liability	13	49,800	-
		2,152,978	780,286
Shareholders' equity			
Share capital	6	44,949,764	43,433,212
Share subscription	6	22,500	-
Reserves	6	1,050,379	1,914,600
Deficit		(17,855,998)	(10,760,261)
		28,166,645	34,587,551
		30,319,623	35,367,837
Nature of operations and going concern	1		
Subsequent events	15		

The consolidated financial statements were approved by the Board of Directors on April 20, 2022 and were signed on its behalf by:

"Marc Levy"
Director

"Charles Ross"
Director

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

NORSEMONT MINING INC.
Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	Year ended December 31 2021	2020
		$	$
Expenses			
Consulting fees		313,254	974,535
Depreciation	4	25,950	739
Exploration costs	3	6,215,797	385,456
Investor communications		369,688	1,797,007
Marketing and promotion		-	288,414
Office, rent and administration	7	170,860	109,830
Professional fees	7	242,931	247,745
Regulatory fees		42,513	33,628
Salaries and benefits	7	430,846	189,064
Share-based payments	6,7	1,617,265	1,650,786
Transfer agent fee and communication		26,029	31,840
Travel and other expenses		10,854	14,430
Loss before other items		(9,465,987)	(5,723,474)
Accretion expense	13	(8,000)	-
Foreign exchange gain		45,689	158,238
Impairment loss	3	(38,124)	-
Interest income		2,820	2,688
Net loss for the year		(9,463,602)	(5,562,548)
Other comprehensive loss for the year			
Items that may be reclassified subsequently to net income (loss)			
Foreign exchange differences on translation of foreign operations		(113,621)	-
Net loss and comprehensive loss for the year		**(9,577,223)**	**(5,562,548)**
Loss per share			
Loss per common share – basic and diluted		$(0.18)	$(0.17)
Weighted average number of shares outstanding – basic and diluted		52,208,138	33,098,115

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

NORSEMONT MINING INC.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

		Share capital			Reserves				
	Note	**Number**	**Amount**	**Share subscription payable**	**Share-based payment**	**Foreign exchange translation**	**Total reserves**	**Deficit**	**Total**
		#	$	$	$	$	$	$	$
Balance, December 31, 2019		**13,339,497**	**5,074,881**	**-**	**273,785**	**-**	**273,785**	**(5,197,713)**	**150,953**
Shares issued for private placement	6	20,182,500	15,701,808	-	-	-	-	-	15,701,808
Less: Share issue costs	6	13,076	(590,780)	-	102,899	-	102,899	-	(487,881)
Shares issued for purchase of Chile property	3,6	15,000,000	22,229,625	-	-	-	-	-	22,229,625
Shares issued for exercise of warrants	6	2,735,668	752,635	-	-	-	-	-	752,635
Shares issued for exercise of stock options	6	589,333	152,173	-	-	-	-	-	152,173
Share-based payments	6	-	-	-	1,650,786	-	1,650,786	-	1,650,786
Fair market value of stock options exercised	6	-	112,870	-	(112,870)	-	(112,870)	-	-
Net comprehensive loss		-	-	-	-	-	-	(5,562,548)	(5,562,548)
Balance, December 31, 2020		**51,860,074**	**43,433,212**	**-**	**1,914,600**	**-**	**1,914,600**	**(10,760,261)**	**34,587,551**
Shares issued for exercise of warrants	6	2,123,959	1,516,552	-	-	-	-	-	1,516,552
Shares issuable for exercise of warrants	6	-	-	22,500	-	-	-	-	22,500
Share-based payments	6	-	-	-	1,617,265	-	1,617,265	-	1,617,265
Cancelled and expired options and warrants	6	-	-	-	(2,367,865)	-	(2,367,865)	2,367,865	-
Net comprehensive loss		-	-	-	-	(113,621)	(113,621)	(9,463,602)	(9,577,223)
Balance, December 31, 2021		**53,984,033**	**44,949,764**	**22,500**	**1,164,000**	**(113,621)**	**1,050,379**	**(17,855,998)**	**28,166,645**

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

NORSEMONT MINING INC.
Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Year ended December 31	
	2021	**2020**
	$	$
Operating activities:		
Loss for the year	(9,463,602)	(5,562,548)
Adjustment for non-cash items:		
Accretion expense	8,000	-
Depreciation	25,950	739
Foreign exchange	6,222	158,238
Impairment loss	38,124	-
Shares for service	-	235,000
Share-based payments	1,617,265	1,650,786
Changes in working capital items:		
Prepaid expenses and deposits	71,079	(135,892)
Loan receivable	-	(23,500)
Amounts receivable	21,087	(34,195)
Accounts payable and accrued liabilities	1,120,037	(42,368)
Cash used in operating activities	(6,555,838)	(3,753,740)
Investing activities:		
Acquisition of mineral properties	-	(4,648,952)
Purchase of equipment	-	(2,401)
Cash used in investing activities	-	(4,651,353)
Financing activities:		
Private placement	-	15,322,546
Share issue cost	-	(478,074)
Exercise of warrants	1,539,052	752,635
Exercise of options	-	152,173
Lease liability payments	(25,600)	-
Cash provided by financing activities	1,513,452	15,749,280
(Decrease) increase in cash	(5,042,386)	7,344,187
Effect of foreign exchange rate changes	39,467	-
Cash, beginning of year	7,604,968	260,781
Cash, end of year	2,602,049	7,604,968
Non-cash financing activities:		
Shares issued for debt settlement	-	88,000
Shares issued for finders' fees	-	9,807
Warrants issued for finders' fees	-	102,899

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

1. Nature of Operations

Norsemont Mining Inc. ("the Company") was incorporated on July 26, 2000 under the Canada Business Corporations Act and continued into BC under the British Columbia Corporations Act on January 30, 2016 as Norsemont Capital Inc. The Company's common shares are traded on the Canadian Securities Exchange ("Exchange") under the symbol "NOM".

The head office, principal address and records office of the Company are located at Suite 610 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company's registered office address is Suite 900 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The Company is engaged in the acquisition, exploration and development of mineral properties. The Company has exploration projects including the Choquelimpie Gold and Silver Project ("Choquelimpie Project") located in Northern Chile and the Burge Lake Project located in Quebec.

These consolidated financial statements have been prepared on the assumption that the Company 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 working capital of $622,342 (2020 - $7,069,424) and accumulated deficit of $17,855,998 (2020 - $10,760,261). The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future 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. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 on business operations cannot be reasonably estimated at the time, the Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows.

2. Basis of Presentation and Significant Accounting Policies

(a) Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Rosswoll Industries Inc. ("Rosswoll") and Tavros Gold Corp. ("Tavros"), incorporated in British Columbia. Sociedad Contractual Minera Vilacollo ("SCMV") is a wholly owned subsidiary of Tavros, incorporated in Chile. All significant intercompany balances and transactions were eliminated on consolidation.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(b) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the functional currency and presentation currency of the Canadian parent company. The functional currency of the Company's principal subsidiary, SCMV, is the Chilean pesos.

(i) Transaction and balances

Foreign currency transactions are translated into Canadian dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized in net loss. Gains and losses arising from foreign exchange are included in the consolidated statements of comprehensive loss.

(ii) Translation to presentation currency

The operating results and statements of financial position of those entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statements of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized in other comprehensive income (loss) as a separate component of equity.

On consolidation, exchange differences arising from the translation of foreign operations are recognized in a separate component of equity and foreign currency translation reserve.

(c) Financial instruments

(i) Classification

The Company determines the classification of its financial instruments at initial recognition. On initial recognition, a financial asset is classified in the following categories: at amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are measured at FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(i) Classification (continued)

All financial assets not classified at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has elected to measure them at FVTPL.

Financial assets/liabilities	Classification
Cash	FVTPL
Loan receivable	Amortized cost
Accounts payable	Amortized cost
Amount owing on mineral properties	Amortized cost
Lease liability	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(iii) Derecognition

Financial assets

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. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

(d) Mineral property interests

The acquisition costs of mineral property interests are capitalized until the property to which they relate is placed into production, sold, allowed to lapse, or abandoned. Exploration and evaluation costs are expensed after obtaining ownership, or the right to explore a property. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements. Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period in which the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value, taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment charges. The cost of an item of property and equipment includes the purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of property and equipment is amortized on a straight-line basis over the estimated useful life of the related asset. The Company conducts an annual review of residual balances, useful lives and depreciation methods utilized for property and equipment.

(f) Impairment of non-financial assets

Non-financial assets are evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the CGU level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of comprehensive loss.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(h) Share-based payments

(i) Stock Options

The Company has a stock option plan that provides for the granting of options to officers, directors, consultants and related company employees to acquire shares of the Company. The fair value of the options is measured on the grant date and is recognized as an expense with a corresponding increase in reserves as the options vest. Options granted to employees and others providing similar services are measured on the grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. On vesting, share-based payments are recorded as an operating expense and as reserves. When options are exercised, the consideration received is recorded as share capital. When options are cancelled or expired, the initial recorded value is reversed and charged to deficit.

(ii) Restricted Share Units (RSU's)

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date of grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to reserves.

The amount recognized for services received as consideration for the RSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs, the related share reserve is transferred to share capital.

(i) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the future decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using pretax rates that reflect the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each period-end for the unwinding of the discount rate, for changes to the current market-based discount rate and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interest.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(j) Income taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(k) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted LPS is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all dilutive potential common shares related to outstanding stock options and warrants issued by the Company.

(l) Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on investments classified as FVOCI, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss and components of other comprehensive income are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in equity.

(m) Segment reporting

Operating segments are determined in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the individual or individuals performing the duties associated with the Chief Executive Officer. The Company's operating segments have been identified as the Company's mineral properties and head office.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(n) Leases

At the inception of a lease contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (i) the contract involves the use of an identified asset; (ii) the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period, and; (iii) the Company has the right to direct the use of the asset.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the consolidated statement of loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term, on a straight-line basis. The depreciation expense is charged to the consolidated statement of loss. The Company presents right-of-use assets in Property and Equipment on the consolidated statement of financial position.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: (a) fixed payments (including in-substance fixed payments), (b) less any lease incentives receivable; (c) variable lease payments that are based on an index or a rate; (d) amounts expected to be payable by the lessee under residual value guarantees; (e) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of loss. Short-term leases are leases with a lease term of 12 months or less.

In the statement of cash flows, the Company includes repayments of the principal portion of the lease liabilities under financing activities. Lease payments for short-term leases, lease payment for leases of low-value assets that are not included in the measurement of the lease liability are classified as cash flows from operating activities.

(o) Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments are as follows:

(i) Fair value measurement of stock-based payments

The Company measures equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them.

2. Basis of Presentation and Significant Accounting Policies (Continued)

(o) Significant accounting estimates and judgments (continued)

(ii) Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2021 and 2020. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

(iii) Measurement of deferred tax assets and liabilities

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies based on the Company’s current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(iv) Carrying value and the recoverability of mineral properties

Significant judgment is required in determining the carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on capitalized acquisition and expenditure costs, facing review for impairment based on factors including the planned exploration budgets and activities, commodity prices, drill results of exploration programs, and strategic direction of the Company.

(p) New Accounting Standards and Interpretations

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a material impact on the Company’s financial statements, other than increased disclosure.

(Expressed in Canadian Dollars)

3. Mineral Properties

(a) Canada

	December 31, 2020	Impairment loss	December 31, 2021
	$	$	$
Burge Lake Project			
Acquisitions costs – cash	38,124	(38,124)	-
	38,124	**(38,124)**	**-**

On May 4, 2020, the Company entered into an option agreement with La Croix Exploration Ltd. (“Optionor”) to acquire a 100% interest in the Burge Lake project located in the province of Quebec. In order to exercise the option and maintain the option in good standing, the Company is required to pay the Optionor an aggregate of $285,000 ($135,000 in year 1 and $150,000 in year 2) and incur exploration expenditures of $250,000 within two years of signing of the option agreement.

During the year ended December 31, 2021, the Company paid $nil (2020 - $35,000) and incurred $nil (2020 - $nil) in exploration costs. As at December 31, 2021, the option agreement is in default as the required payments and exploration expenditures were not met.

As at December 31, 2021, the Company assessed the property and concluded that the mineral property asset is impaired. Hence, an impairment loss of $38,124 was recognized.

(b) Chile

	December 31, 2020	Additions	December 31, 2021
	$	$	$
Choquelimpie project			
Acquisitions costs – cash	5,247,428	-	5,247,428
Acquisitions costs – shares	22,229,625	-	22,229,625
	27,477,053	**-**	**27,477,053**

On July 15, 2020, pursuant to a share purchase agreement (the “Agreement”), the Company acquired all of the issued and outstanding shares of Tavros which included the Choquelimpie Project located in northern Chile. The acquisition did not meet the definition of a business under IFRS 3, therefore, the acquisition of Tavros was accounted for as an acquisition of an exploration and evaluation asset.

The Company acquired the Choquelimpie Project for aggregate consideration of $5,247,428 which comprised of staged cash payments of US$3,300,000, a finder’s fee of $550,000 and transaction fees capitalized. In addition, 15,000,000 common shares (the “Shares”) of the Company at a fair value of $22,229,625 were issued (Note 6). Pursuant to the Agreement, the Shares were held in escrow for a period of two years, and as at December 31, 2021, 4,842,858 shares were released from escrow. In addition, the Company completed the minimum financing required of $1,500,000 during the year ended December 31, 2020.

As at December 31, 2021, the Company had a payable of US$500,000 ($633,900) towards the staged cash payments (2020 – US$500,000 or $636,600). Subsequent to December 31, 2021, the Company fully settled the remaining balance of US$500,000 (Note 15).

(Expressed in Canadian Dollars)

3. Mineral Properties (continued)

(c) Exploration Costs

During the year ended December 31, 2021, the Company incurred $6,215,797 (2020 - $385,456) in exploration costs related to the Choquelimpie Project in Chile as follows:

	2021	2020
	$	$
Consulting fees	357,306	100,138
Diamond drilling	1,099,234	-
Field operating costs	594,635	126,674
Field/camp repairs and maintenance	340,908	709
Geo assays and materials	817,889	-
Geophysics campaign	233,550	-
Mining property and water rights	156,635	34,769
Office and administration	199,787	377
Salaries	1,499,714	100,922
Sonic drilling	651,355	21,554
Travel expenses	264,784	313
	6,215,797	**385,456**

4. Property and equipment

	Right-of-use asset	Equipment	Total
	$	$	$
Cost			
Balance, December 31, 2019	-	7,621	7,621
Additions	-	2,401	2,401
Balance, December 31, 2020	-	10,022	10,022
Additions (Note 13)	111,300	-	111,300
Balance, December 31, 2021	111,300	10,022	121,322
Accumulated depreciation			
Balance, December 31, 2019	-	6,333	6,333
Depreciation	-	739	739
Balance, December 31, 2020	-	7,072	7,072
Depreciation (Note 13)	23,000	2,950	25,950
Balance, December 31, 2021	23,000	10,022	33,022
Net book value			
December 31, 2020	-	2,950	2,950
December 31, 2021	88,300	-	88,300

The Company entered into new lease agreements during the year ended December 31, 2021 to rent 2 trucks (Note 13). The Right-of-use asset ("ROU") is depreciated using a straight-line method over the lease term of the underlying asset (3 years).

(Expressed in Canadian Dollars)

5. Accounts Payable and Accrued Liabilities

	2021	2020
	$	$
Accounts payable	114,903	81,505
Accounts payable – Chile	1,215,593	21,554
Accrued liabilities (Note 7)	61,000	21,000
Payroll liabilities	33,882	19,627
	1,425,378	143,686

6. Share Capital and Reserves

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued share capital

As at December 31, 2021 and 2020, there were 53,984,033 and 51,860,074 issued and outstanding common shares, respectively.

Year ended December 31, 2021:

- During the year ended December 31, 2021, a total of 2,123,959 common shares were issued pursuant to warrant exercises for gross proceeds of $1,516,552 (Note 6c).
- As at December 31, 2021, a total 30,000 shares were issuable from warrants exercises. These shares were issued subsequent to year-end.
- As at December 31, 2021, there were 10,157,142 shares in escrow pursuant to the acquisition of Tavros (Note 3).

Year ended December 31, 2020:

- On October 9, 2020, the Company issued 131,160 units at $1.60 per unit for gross proceeds of $209,856 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $2.50 per share until October 9, 2021.
- On September 28, 2020, the Company issued 942,715 units at $1.60 per unit for gross proceeds of $1,508,344 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $2.50 per share until September 28, 2021. The Company paid share issuance cost of $205,119, including the issuance of 62,125 broker's warrants with a value $102,899 and cash paid of $102,220 to certain eligible finders in connection with the private placement.

6. Share Capital and Reserves (continued)

(b) Issued share capital (continued)

- On August 28, 2020, the Company issued 540,875 units at $1.60 per unit for gross proceeds of $865,400 as part of a private placement financing. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $2.50 per share until August 28, 2021. Total share issuance cost of $60,578 were paid to certain eligible finders in connection with the private placement.

- On August 21, 2020, the Company issued 817,750 units at $1.60 per unit for gross proceeds of $1,308,400 as part of a private placement financing. Of these 817,750 units, 100,000 units were issued to a consultant for service rendered to the Company and 37,500 units were issued to a consultant to settle debt amount of $60,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $2.50 per share until August 21, 2021. Total share issuance cost of $50,282 were paid to certain eligible finders in connection with the private placement.

- On July 20, 2020, the Company issued 4,475,500 units at $1.00 per unit for gross proceeds of $4,475,500 as part of a private placement financing. $8,649 of the gross proceeds were in shares subscription receivable. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire on share at a price of $1.50 share July 20, 2021. Total share issuance cost of $180,709 were paid to certain eligible finders in connection with the private placement.

- On July 15, 2020, the Company issued 15,000,000 common shares valued at $22,229,625 pursuant to the share purchase agreement of the Choquelimpie Project in Chile (Note 3).

- On July 10, 2020, the Company issued 1,024,500 units at $1.00 per unit for gross proceeds of $1,024,500 as part of a private placement financing. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $1.50 per share until July 10, 2021. Total share issuance cost of $3,200 were paid to certain eligible finders in connection with the private placement.

- On June 22, 2020, the Company issued 2,024,901 units at $0.75 per unit for gross proceeds of $1,518,677 as part of a private placement. Of these 2,024,901 units, 100,000 units were issued to a consultant for service rendered to the Company. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire an additional share at a price of $1.10 until June 22, 2021. The Company paid share issuance cost of $56,804, including the issuance of 13,076 common shares at the offering price (with a fair value of $9,807) and cash paid of $46,997 to certain eligible finders in connection with the private placement.

- On June 15, 2020, the Company issued 1,975,099 units issued at $0.75 per unit for gross proceeds of $1,481,324 as part of a private placement financing. $37,806 of the gross proceeds were in shares subscription receivable. Of these 1,975,099 units, 37,333 units were issued to a consultant to settle debt of $28,000. Each unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $1.10 per share until June 15, 2021. Total share issuance cost of $17,286 were paid to certain eligible finders in connection with the private placement.

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (continued)

(b) Issued share capital (continued)

- On June 1, 2020, the Company issued 8,250,000 units at $0.40 per unit for gross proceeds of $3,300,000 as part of a private placement financing. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company at a price of $0.75 per share until June 1, 2021. Total share issuance cost of $16,802 were paid to certain eligible finders in connection with the private placement. This private placement also satisfied the Choquelimpie Project share purchase agreement where a minimum of $1,500,000 funds was to be raised.

- During the year ended December 30, 2020, a total of 589,333 common shares were issued for the exercise of options for gross proceeds of $152,173. As a result, $112,870 were transferred from contributed surplus to share capital.

- During the year ended December 31, 2020, a total of 2,735,668 common shares were issued for the exercise of warrants for gross proceeds of $752,635.

(c) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, December 31, 2019	2,387,334	0.16
Issued	11,369,626	1.36
Exercised	(2,735,668)	0.28
Balance, December 31, 2020	11,021,292	1.39
Exercised	(2,123,959)	0.71
Balance December 31, 2021	8,897,333	1.54
Weighted average remaining contractual life		0 years

Warrants outstanding at December 31, 2021 are as follows:

Exercise Price	Warrants Outstanding	Expiry Date
$	#	
0.75	1,769,375	January 1, 2022
1.10	1,883,333	January 1, 2022
1.50	2,750,000	January 1, 2022
1.60	62,125	January 1, 2022
2.50	2,432,500	January 1, 2022
	8,897,333	

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (continued)

(d) Stock options

On July 3, 2020, the Company adopted an Omnibus Equity Incentive Plan ("Plan"). The purpose of this Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Company and its subsidiaries. As well, such Directors, Employees and Consultants may be granted awards under this Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such Directors, Employees and Consultants to acquire common shares of the Company as long-term investments and proprietary interests in the Company.

The continuity of stock options issued and outstanding is as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	$
Balance, December 31, 2019	1,324,333	0.24
Granted	2,620,000	1.60
Exercised	(589,333)	0.26
Cancelled	(35,000)	0.28
Balance, December 31, 2020	3,320,000	1.31
Granted	3,175,000	0.75
Forfeited or cancelled	(2,410,000)	1.69
Balance, December 31, 2021	4,085,000	0.65
Weighted average remaining contractual life		4.16 years

The weighted average fair value of options granted during the year ended December 31, 2021 was $0.75 (2020 – $1.60) per option.

Vested and non-vested stock options outstanding at December 31, 2021 are as follows:

Exercise Price	Options Outstanding	Expiry Date	Vested Options Exercisable	Non vested Options
$	#		#	
0.32	50,000	February 2, 2022	50,000	-
0.40	40,000	April 27, 2023	40,000	-
0.305	300,000	July 2, 2024	300,000	-
0.18	305,000	October 30, 2025	305,000	-
0.28	50,000	November 2, 2026	50,000	-
0.49	75,000	May 5, 2025	75,000	-
0.54	100,000	May 13, 2025	100,000	-
0.74	135,000	February 23, 2026	135,000	-
0.70	200,000	February 23, 2026	75,000	125,000
0.56	100,000	March 5, 2026	37,500	62,500
0.60	1,200,000	April 20, 2026	300,000	900,000
0.60	350,000	April 21, 2026	87,500	262,500
0.63	85,000	May 3, 2026	21,250	63,750
0.74	210,000	October 20, 2026	100,000	110,000
1.05	885,000	November 19, 2026	-	885,000
	4,085,000		1,676,250	2,408,750

(Expressed in Canadian Dollars)

6. Share Capital and Reserves (continued)

(d) Stock options (continued)

The Company recorded share-based payments of $1,423,311 for the year ended December 31, 2021 (2020 - $1,650,786) for all stock options granted and vested during the year.

The fair values of the stock options granted during the years ended December 31, 2021 and 2020 were estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2021	**2020**
Risk free interest rate	1.06%	0.38%
Dividend yield	0.00%	0.00%
Stock price volatility	73.40%	62.81%
Expected life	5 years	5 years

(e) Restricted share units

RSUs granted to directors and officers vest over a period of 2 years. The continuity of RSUs issued and outstanding is as follows:

	RSUs Outstanding	Weighted Average Fair value
	#	$
Balance, December 31, 2020	-	-
Granted	711,000	0.75
Balance, December 31, 2021	711,000	0.75

The total share-based payments related to RSUs granted and vested for the year ended December 31, 2021 was $193,954 (2020 - $nil). As at December 31, 2021 weighted average remaining contractual life of RSUs is 1.45 years.

(f) Reserves

Share based payments reserve represent the fair value of stock options or warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital. In addition, upon expiry or forfeiture, the fair value of such vested stock options or warrants is reclassified from the reserve to the retained earnings/(deficit) for presentational purposes.

Foreign exchange translation reserve represents the accumulated foreign exchange differences from the translation of the financial information of the Company’s subsidiaries to the presentation currency of the consolidated financial statements.

(g) Share subscription payable

Share subscriptions consist of shares to be issued for warrant exercise.

(Expressed in Canadian Dollars)

7. Related Party Balances and Transactions

(a) Related party transactions

The Company incurred the following transactions with officers, directors and companies having directors or officers in common:

	2021	2020
	$	$
Consulting fees	-	67,800
Office, rent and administration (1)	82,305	59,385
	82,305	**127,185**

(1) Shared office, rent and administration expense is paid to a company with common directors and officers.

(b) Compensation of key management personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its Directors, CEO and CFO. During the years ended December 31, 2021 and 2020, following amounts of the key management compensation were incurred:

	2021	2020
	$	$
CEO salary	247,800	84,000
Professional fees (1)	141,000	102,625
Share-based payments	989,193	571,994
	1,377,993	**758,619**

(1) Professional fees paid to a company controlled by the CFO of the Company for accounting and corporate secretarial services provided.

(c) Related party balances

The following related party amounts are included in prepaid expenses and deposits and accounts payable and accrued liabilities:

	2021	2020
	$	$
Included in prepaid expenses and deposits:		
Company having directors and officers in common	14,716	2,000
Included in accounts payable and accrued expenses (Note 5):		
Companies having directors and officers in common	-	(5,884)
Amounts owing to the CFO and CEO of the Company	39,498	7,254

7. Related Party Balances and Transactions (continued)

(d) Loan to related party

As at December 31, 2021, the Company had a loan receivable outstanding from a company that has common directors and officers of $23,500 (2020 – $23,500). The loan is unsecured, due on demand and bears interest rate of 12% per annum. As at December 31, 2021, accrued interest on this loan was $5,493 (2020 – $2,673), which is included in amounts receivable on the consolidated statements of financial position.

8. Fair value of financial instruments

The Company's financial instruments include cash, amounts receivable, loan receivable, accounts payables and accrued liabilities and amounts owing on mineral properties. The carrying values of these financial instruments approximate their fair values due to the short-term maturity of the instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

During the years ended December 31, 2021 and 2020, there were no transfers of amounts between Level 1, Level 2, and Level 3 of the fair value hierarchy. Cash was recorded using Level 1 input.

9. Risk management

(a) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, and amount receivable. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by maintaining its bank accounts at large financial institutions. The amount receivable was due from a related party and from the Canada Revenue Agency (GST receivable). Credit risk associated with receivable was considered low.

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at December 31, 2021, the Company had cash of $2,602,049 to settle current liabilities of $2,103,178. Liquidity risk is assessed as moderate.

(Expressed in Canadian Dollars)

9. Risk management (continued)

(c) Currency risk

Currency risk is the risk that fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk mainly due to its exploration activities in Chile. The Company manages its risk by using large accredited financial institutions to process its foreign currency transactions ensuring market rate of foreign exchange.

	Canadian dollar value of US dollar balances		Canadian dollar value of Chilean peso balances	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Cash and equivalents	511,199	-	317,799	-
Accounts payable and accrued liabilities (Note 5)	-	(9,549)	(1,215,593)	(21,554)
Amount owing on mineral properties (Note 3)	(633,900)	(636,600)	-	-
	(122,701)	(646,149)	(897,794)	(21,554)

Based on the above net exposures as at December 31, 2021, a 10.0% appreciation in the US dollar would result in a $12,270 decrease in the Company's other comprehensive income (December 31, 2020 - $64,615 decrease in other comprehensive income). A 10% appreciation in the Chilean peso would result in a $89,780 decrease in the Company's income before income taxes during the year ended December 31, 2021 (2020 - $2,155 decrease in the Company's income before income taxes).

(d) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at December 31, 2021, the Company did not have any financial instruments subject to significant interest rate risk.

10. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt or sell assets to settle liabilities.

The Company's historical sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to externally imposed capital requirements and there were no changes in the Company's management of capital during the year ended December 31, 2021.

(Expressed in Canadian Dollars)

11. Commitments and contingencies

As at December 31, 2021, the Company has the following commitments:

	2022	2023	2024	2025 and thereafter	Total
	$	$	$	$	$
Accounts payable and accruals (Note 5)	1,425,378	-	-	-	1,425,378
Amount owing on mineral properties (Note 3)	633,900	-	-	-	633,900
Contractual commitments (1)	85,523	4,500	-	-	90,023
Lease liability (Note 13) – undiscounted	43,900	47,800	18,700	-	110,400
	2,188,701	52,300	18,700	-	2,259,701

(1) Contractual commitments include lease commitments for the non-cancellable term of short-term leases.

12. Segment information

Operating segments are those operations whose operating results are reviewed by the chief operating decision-maker (the individual or individuals performing the duties of the Chief Executive Officer) to make decisions about resources to be allocated to the segments and assess their performance, provided those operations pass certain quantitative thresholds, or are deemed significant by management. In order to determine if operating segments shall be aggregated, management reviews various factors, including economic characteristics, nature of their products, production process, regulatory environment, geographical location and managerial structure. Given the size and current stage of its development, no aggregation of segments was made.

The Company operates in the mining industry and has 2 main mining properties. The Company did not generate revenue and/or production costs in the years 2021 or 2020. As at December 31, 2021, the Company's mining properties are located in Canada (Burge Lake Project) and Chile (Choquelimpie). Other reportable segment consists of head office/corporate functions and Burge Lake Project, as it was fully impaired in 2021.

(Expressed in Canadian Dollars)

12. Segment information (continued)

The following tables summarize segment information of the Company:

	Choquelimpie Project	Other	Total
	$	$	$
Year ended December 31, 2021			
Depreciation	23,000	2,950	25,950
Exploration cost	6,028,814	186,983	6,215,797
Share-based payments	-	1,617,265	1,617,265
Loss before other items	6,028,814	3,437,173	9,465,987
Impairment loss	-	38,124	38,124
Interest income	-	2,820	2,820
Net loss for the year	6,036,814	3,426,788	9,463,602
Capital expenditures	-	-	-
Mineral property	27,477,053	-	27,477,053
Total assets	28,311,048	2,008,575	30,319,623
Total liabilities	1,943,193	209,785	2,152,978
Year ended December 31, 2020			
Depreciation	-	739	739
Exploration cost	315,526	69,930	385,456
Share-based payments	-	1,650,786	1,650,786
Loss before other items	315,526	5,407,948	5,723,474
Interest income	-	2,688	2,688
Net loss for the year	315,526	5,247,022	5,562,548
Capital expenditures	4,648,952	2,401	4,651,353
Mineral property	27,477,053	38,124	27,515,177
Total assets	27,477,053	7,890,784	35,367,837
Total liabilities	658,154	122,132	780,286

13. Lease liability

The Company entered into a lease agreement to rent a truck for use at its camp at Choquelimpie in Chile. During November 2021, the Company leased a second truck for use at its camp at Choquelimpie. The lease agreements are for the non-cancellable term of 36 months and average total monthly payments of $3,780. The Company used a 13% incremental borrowing rate to derive its lease liability.

The Company applied an exemption in accordance with IFRS16 with regards to short-term leases. The annual expense summarized below.

(Expressed in Canadian Dollars)

13. Lease liability (continued)

Amounts recognized in statement of financial position are as follows:

	December 31, 2021
	$
Lease liability, opening balance	-
Additions (Note 4)	111,300
Accretion	8,000
Payment	(25,600)
Lease liability, closing balance	**93,700**
Lease liability short term	43,900
Lease liability long term	49,800

Amounts recognized in statement of comprehensive loss are as follows:

	2021	2020
	$	$
Depreciation expense on ROU (Note 4)	23,000	-
Accretion expense on lease liability	8,000	-
Short term lease expenses	287,223	57,721
	318,223	**57,721**

14. Income Taxes

The following table reconciles the expected income tax expenses (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2021 and December 31, 2020:

	2021	2020
	$	$
Loss before income taxes	(9,463,602)	(5,562,548)
Canadian statutory tax rate	27.00%	27.00%
Expected income tax recovery	(2,555,173)	(1,501,888)
Differences resulting from:		
Non-deductible items	436,662	446,342
Other	-	(128,980)
Change in deferred tax asset not recognized	2,118,511	1,184,526
Income tax recovery	**-**	**-**

(Expressed in Canadian Dollars)

14. Income Taxes (continued)

Deferred tax reflects the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and amounts used for tax purposes. Deferred tax assets at December 31, 2021 and December 31, 2020 are comprised of the following:

	2021	2020
	$	$
Deferred tax assets		
Non-capital loss carry-forwards	4,087,991	1,924,035
Property and equipment	10,926	9,465
Exploration and evaluation assets	377,712	368,262
Financing costs	77,556	103,426
	4,554,185	2,405,188
Deferred tax asset not recognized	(4,554,185)	(2,405,188)
Net deferred tax asset	-	-

The Company has non-capital loss carryforwards of $15,140,709 (2020 – $7,126,054) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring as follows: $1,625,407 between 2026-2033, $1,493,809 between 2034-2039, $4,120,415 in 2040 and $7,901,078 in 2041.

15. Subsequent events

The following events occurred subsequent to December 31, 2021:

(a) 30,000 shares were issued on exercise of warrants for gross proceeds of $22,500 related to shares issuable as at December 31, 2021.
(b) 50,000 shares were issued on exercise of warrants for gross proceeds of $37,500.
(c) An aggregate of 8,817,333 warrants of the Company with exercise prices ranging between $0.75 and $2.50 have expired, unexercised.
(d) The Company granted 200,000 stock options exercisable at $0.74 per common share for a period of five years.
(e) Share subscription receivable as at December 31, 2021 of $46,100 was repaid in full.
(f) Amount owing on mineral properties of USD$500,000 ($633,900) was fully settled. Of that amount, USD$329,750 was paid in cash and USD$170,250 was settled by issuing 284,772 common shares.
(g) The Company issued 253,875 shares with an average fair value at grant of $0.75 per share pursuant to the vested restricted share units.
(h) The Company issued $950,000 convertible debentures bearing interest rate of 6% and maturing in 1 year. Each debenture is convertible in into units of the Company at a conversion price of $1.00 per unit, with each unit consisting of one common share in the capital of the Company and one-half transferable share purchase warrant, and with each warrant exercisable into one share at a price of $1.25 per share for a period of three years from the conversion date.