CERRO DE PASCO RESOURCES INC.

Consolidated Financial Statements

Years ended
December 31, 2020 and 2019

CERRO DE PASCO RESOURCES INC.
Consolidated Financial Statements
Years ended December 31, 2020 and 2019

Raymond Chabot
Grant Thornton

Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec
H3B 4L8

T 514-878-2691

To the Shareholders of
Cerro de Pasco Resources Inc.

Opinion

We have audited the consolidated financial statements of Cerro de Pasco Resources Inc. (hereafter "the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 consolidated 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 consolidated 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.

Emphasis of matter

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Louis Berardi.

Raymond Chabot Grant Thornton LLP [1]

Montréal
April 30, 2021

---

[1] CPA auditor, CA public accountancy permit no. A115879

CERRO DE PASCO RESOURCES INC.

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(in Canadian dollars)

	Note	December 31 2020	December 31 2019
		$	$
Assets			
Current assets:			
Cash and cash equivalents	7	897,979	275,466
Short-term investments	8	15,000	15,000
Marketable securities in a quoted company	9	136,560	143,747
Other receivables	10	112,009	41,671
Prepaid expenses		137,139	68,552
Total current assets		1,298,687	544,436
Non-current assets:			
Property and equipment	11	52,463	67,953
Right-of-use assets	12	41,506	140,180
Mining properties	13	1,362,449	1,389,843
Exploration and evaluation assets	14	183,482	187,171
Total non-current assets		1,639,900	1,785,147
Total assets		2,938,587	2,329,583

	Note	December 31 2020	December 31 2019
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities	15	2,818,581	739,392
Obligation under capital lease	16	-	2,676
Lease liabilities	17	52,811	116,095
Income tax payable		-	26,415
Convertible debenture	20	813,249	-
Embedded derivative on convertible debenture	20	38,465	-
Total current liabilities		3,723,106	884,578
Non-current liabilities:			
Trade accounts payable and other liabilities	15	-	45,857
Lease liabilities	17	-	58,669
Loan	19	22,683	-
Warrants	20	100,559	-
Deferred income tax	26	67,863	35,503
Total non-current liabilities		191,105	140,029
Total liabilities		3,914,211	1,024,607
(Deficiency) Equity:			
Share capital	22	25,356,132	21,888,502
Warrants	22	716,811	414,887
Share options	23	1,929,737	1,094,087
Contributed surplus		749,130	355,077
Deficit		(29,957,648)	(22,511,673)
Accumulated other comprehensive loss		230,214	64,096
Total (deficiency) equity attributable to owners of the parent company		(975,624)	1,304,976
Non-controlling interest		-	-
Total (deficiency) equity		(975,624)	1,304,976
Total liabilities and equity		2,938,587	2,329,583

Going concern, see Note 2.
Subsequent events, see Note 32.
The accompanying notes are an integral part of these consolidated financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on April 30 2021.

(S) John Booth	(S) Steven Zadka
Director	Director

CERRO DE PASCO RESOURCES INC.
Consolidated Statements of Comprehensive Loss
Years ended December 31, 2020 and 2019
(in Canadian dollars)

	Note	December 31 2020	December 31 2019
		$	$
Expenses:			
General and administrative expenses	24	7,128,687	4,793,797
Operating loss before other expenses (revenues) and income tax		7,128,687	4,793,797
Other expenses (revenues):			
Finance expenses	25	124,819	29,673
Non-recoverable sales taxes		75,453	130,297
Loss on settlement of receivables		-	35,937
Change in fair value of marketable securities in a quoted company		7,187	-
Change in fair value of warrants and embedded derivative on convertible debenture		(17,976)	-
Write-off of payables		-	(32,119)
Write-off of equipment		2,032	-
Government assistance	19	(19,299)	-
Gain on Covid-19 related rent concessions		(39,862)	-
Exchange loss		151,677	77,985
		284,031	241,773
Loss before income taxes		7,412,718	5,035,570
Income taxes	26	33,257	62,795
Net loss		7,445,975	5,098,365
Other comprehensive loss			
Items that will be reclassified subsequently to profit or loss			
Currency translation adjustment		(166,118)	(14,420)
Other comprehensive loss net of tax		(166,118)	(14,420)
Net loss and comprehensive loss		7,279,857	5,083,945
Net loss attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		7,445,975	5,098,365
Non-controlling interests		-	-
		7,445,975	5,098,365
Other comprehensive loss attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		(166,118)	(14,420)
Non-controlling interest		-	-
		(166,118)	(14,420)
Net loss and comprehensive loss attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		7,279,857	5,083,945
Non-controlling interest		-	-
		7,279,857	5,083,945
Weighted average number of common shares outstanding		260,206,865	249,836,053
Basic and diluted loss per share:		0.03	0.02

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

CERRO DE PASCO RESOURCES INC.

Consolidated Statements of Changes in Equity

Years ended December 31, 2020 and 2019

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Warrants	Share options	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			$	$	$	$	$	$	$	$	$
Balance as at December 31 2019		253,532,206	21,888,502	414,887	1,094,087	355,077	(22,511,673)	64,096	1,304,976	-	1,304,976
Shares and units issued:											
Private placements	22	12,443,498	3,288,941	678,458					3,967,399	-	3,967,399
As payment of consuting fees	22	354,590	120,477						120,477	-	120,477
Share issuance costs	22		(85,022)	38,353					(46,669)	-	(46,669)
Warrants exercised	22	306,000	143,234	(20,834)					122,400	-	122,400
Warrants expired	22			(394,053)		394,053			-	-	-
Share options granted	23				835,650				835,650	-	835,650
Transactions with owners		13,104,088	3,467,630	301,924	835,650	394,053	-	-	4,999,257	-	4,999,257
Net earnings (loss) and comprehensive loss for the year							(7,445,975)	166,118	(7,279,857)	-	(7,279,857)
Balance as at December 31 2020		266,636,294	25,356,132	716,811	1,929,737	749,130	(29,957,648)	230,214	(975,624)	-	(975,624)
Balance as at December 31 2018		242,198,878	18,472,710	1,061,616	2,608	218,000	(17,413,308)	49,676	2,391,302	-	2,391,302
Shares issued:											
Private placements	22	860,000	285,200						285,200	-	285,200
Warrants exercised	22	10,473,328	3,130,592	(512,260)					2,618,332	-	2,618,332
Warrants expired	22			(134,469)		134,469			-	-	-
Share options granted	23				1,094,087				1,094,087	-	1,094,087
Share options forfeited					(2,608)	2,608			-		-
Transactions with owners		11,333,328	3,415,792	(646,729)	1,091,479	137,077	-	-	3,997,619	-	3,997,619
Net loss and comprehensive loss for the year							(5,098,365)	14,420	(5,083,945)	-	(5,083,945)
Balance as at December 31 2019		253,532,206	21,888,502	414,887	1,094,087	355,077	(22,511,673)	64,096	1,304,976	-	1,304,976

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

CERRO DE PASCO RESOURCES INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2020 and 2019
(in Canadian dollars)

	Note	December 31 2020	December 31 2019
		$	$
Operating activities:			
Net loss		(7,445,975)	(5,098,365)
Adjustments for:			
Income taxes		33,257	62,795
Consulting fees paid through issuance of shares		120,477	285,200
Share-based compensation		835,650	1,094,087
Change in fair value of marketable securities in a quoted company		7,187	-
Change in fair value of warrants and embedded derivative on convertible debenture		(17,976)	-
Write-off of equipment		2,032	-
Loss on settlement of receivables		-	35,937
Write-off of payables		-	(32,119)
Interest on lease liabilities		19,190	13,650
Gain on Covid-19 related rent concessions		(39,862)	-
Effective interest on loan		(7,317)	-
Presumed interest on convertible debenture		39,422	-
Depreciation of right-of-use assets		100,492	69,350
Depreciation of property and equipment	11	21,905	12,578
Operating activities before changes in working capital items		(6,331,518)	(3,556,887)
Change in other receivables		(71,212)	(43,657)
Change in prepaid expenses		(70,208)	(37,261)
Change in trade accounts payable and accrued liabilities		2,253,332	105,040
Change in tax payable		(27,277)	-
Change in working capital items		2,084,635	24,122
Cash flows used for operating activities		(4,246,883)	(3,532,765)
Financing activities:			
Proceeds from private placements	22	3,967,399	50,000
Proceeds from from warrants exercised	22	122,400	2,618,332
Proceeds from promissory note	18	399,570	-
Repayment of promissory note	18	(399,570)	-
Proceeds from a loan	19	30,000	-
Capital lease repayments		(2,676)	(2,218)
Lease liabilities repayments		(82,450)	(34,320)
Interest paid on lease liabilities		(19,190)	(13,650)
Proceeds from issuance of convertible debenture		1,000,000	-
Convertible debenture issuance costs		(69,173)	-
Share issuance costs	22	(46,669)	(20,448)
Cash flows from financing activities		4,899,641	2,597,696
Investing activities:			
Acquisition of property and equipment	11	(12,574)	(54,982)
Acquisition of mining property		(136,754)	(99,743)
Cash flows used for investing activities		(149,328)	(154,725)
Net change in cash and cash equivalents		503,430	(1,089,794)
Cash and cash equivalents, beginning of year		275,466	1,349,140
Effect of exchange rate fluctuations on cash held in foreign currencies		119,083	16,120
Cash and cash equivalents, end of year		897,979	275,466
Interest paid		47,031	14,109

Additional disclosures of cash flows information (Note 27).
The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity and nature of operations:

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the “Company” or “Cerro de Pasco” or “CDPR”) is engaged in the acquisition and exploration of mineral properties.

Cerro de Pasco Resources Inc. is a company domiciled in Canada. The Company was incorporated on June 6, 2003 under the *Business Corporations Act (Alberta).*

The Company's head office, which is also the main establishment is located at 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is www.pascoresources.com. The Company is trading on the Canadian Securities Exchange (CSE) under symbol "CDPR".

The Company is in pre-operative stage. Operational activities are estimated to start as projects reach the level of economic feasibility and have the environmental impact study approved by the competent authority.

2. Going concern:

The accompanying consolidated financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended December 31, 2020, the Company recorded a net loss of $7,445,975 ($5,098,365 in 2019) and has an accumulated deficit of $29,957,648 as at December 31, 2020 ($22,511,673 as at December 31, 2019). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at December 31, 2020, the Company had a negative working capital of $2,424,419 (a negative working capital of $340,142 as at December 31, 2019) consisting of cash and cash equivalents of $897,979 ($275,466 as at December 31, 2019). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the year ended December 31, 2020, the Company has raised $4,089,799 from warrants exercised and private placements consisting of common shares to fund exploration works and working capital ($2,668,332 during the year ended December 31, 2019). While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

3. Basis of preparation:

3.1 Statement of compliance:

These annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to the preparation of annual consolidated financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end.

3.2 Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3. Basis of preparation (continued):

3.3 Reporting global event:

During the year ended December 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

The Company has implemented the health measures recommended by the Canadian and Peruvian authorities to reduce physical contact: significant reduction in travel, teleworking and video conferences and others. The Company is continuing its activities to further the Company's objectives during this uncertain and rapidly evolving time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

3.4 Basis of consolidation:

A subsidiary is an entity over which the Company has control. The Company controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The subsidiaries have a reporting date of December 31. The Company attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. All intra-group transactions and balances are eliminated in full on consolidation.

Subsidiary	Status	Jurisdiction of Incorporation	% of Ownership
Cerro de Pasco Resources Sucursal del Perú	Active	Peru	100%
Subsidiary 1 - Zippler Inc. ("Zippler")	Inactive	Canada	100%
Subsidiary 2 - Zencig Corp. ("Zencig")	Inactive	USA	70%

3.5 Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars. The functional currency of Cerro de Pasco Resources Inc. and the Subsidiary 1 is the Canadian dollars. The functional currency of Cerro de Pasco Resources Sucursal del Perú and the Subsidiary 2 is the US dollars.

3.6 Use of estimates and judgements:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the financial statements.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 5.15).

3. Basis of preparation (continued):

3.6 Basis of measurement (continued):

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets and mining properties

Determining if there are any facts or circumstances indicating an impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 5.13).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether a technically or economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of existence of reverses, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-down in profit or loss in the period when the new information become available.

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (see Note 23).

Provision and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

Lease liabilities

The determination of the interest used in the calculation of the lease liabilities discounted value requires judgment. The interest rate is management's best estimate of the cost of borrowing based on comparable entities and historical data. Judgment is also used to determine wether ther is a reasonable certainty that a lease extension or cancellation option sill be exercised.

4. Changes in accounting policy:

There were no accounting changes in accounting policy to disclose during the year ended December 31, 2020.

5. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the statements of financial position, unless otherwise indicated.

5.1 Non-controlling interests:

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction by transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Total Comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

5. Significant accounting policies (continued):

5.2 Foreign currency transactions and balances:

The consolidated financial statements are presented in Canadian dollars (see Note 3.4). Foreign currency transactions and balances in the CDPR, Cerro de Pasco Resources Sucursal del Perú, Zippler and Zencig are translated in their respective functional currency using the following method:

- Monetary assets and liabilities in foreign currency are translated at the closing exchange rate in effect at the reporting date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date.
- Revenues and expenses are translated at the average rate in effect during the year.
- Gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are included in profit or loss.
- Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Assets, liabilities and transactions of the subsidiary with a functional currency other than the Canadian dollars are translated into Canadian dollars on consolidation. On consolidation, assets and liabilities are translated into Canadian dollars at the closing rate of the reporting date. Income and expenses are translated under the Company's presentation currency at the average rate over the reporting year. Exchange differences are presented as other comprehensive loss and recognized in Accumulated other comprehensive loss in deficiency. On disposal of a foreign operation, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

5.3 Segment reporting:

The Company presents and discloses segment information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President, the Chief Executive Officer and the Board of Directors.

The Company has only one operating segment which consist in the mining activities. All non-current assets are in Peru.

5.4 Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

(b) Classification and initial measurement of financial assets:

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI").

In the periods presented, the Company does not have any financial assets categorized as fair value through other comprehensive income.

The classification is determined by both:

- the entity’s business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expenses, finance income or other financial items, except for impairment of trade receivables which is presented within general and administrative expenses.

5. Significant accounting policies (continued):

5.4 Financial instruments (continued):

(c) Subsequent measurement of financial assets:

i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments and other receivables (except sales tax receivable) fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category contains marketable securities in a quoted company. The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investment in Genius Metal Inc. and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirement of IFRS 9, which does not allowed for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

5.5 Compound financial instruments:

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

5.6 Impairment of financial assets:

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included other receivables (except sales tax receivable).

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

5. Significant accounting policies (continued):

5.6 Impairment of financial assets (continued):

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;
- Stage 3: there is objective evidence of impairment as at the reporting date (using the criteria currently included in IAS 39).

A 12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

5.7 Classification and measurement of financial liabilities:

The Company's financial liabilities at amortized cost include trade accounts payable and other liabilities, convertible debenture and loan.

The Company's financial liabilities designated at FVTPL include warrants and embedded derivative on convertible debenture.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance expenses or finance income.

5.8 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options.

5.9 Cash and cash equivalents:

Cash and cash equivalent consists of cash and cash in trust, as well as other highly-liquid short-term investments, easily convertible in a known amount of cash and subject to negligible risk of value impairment.

5.10 Marketable securities:

Marketable securities comprise of shares of other publicly trading companie and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base related to share of other public trading companies is recorded in net loss.

5.11 Property and equipment:

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Significant accounting policies (continued):

5.11 Property and equipment (continued):

The estimated useful lives are as follows:

Asset	Period
Office equipment and furnitures	5 years
Software	5 years
Leasehold Improvements	2 years
Computer equipment	3 years

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

5.12 Mining properties and exploration and evaluation assets:

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resources are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling, general expenses, financial charges, management fees and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts, the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

5.13 Impairment of mining properties, exploration and evaluation assets and property and equipment:

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

5. Significant accounting policies (continued):

5.13 Impairment of mining properties, exploration and evaluation assets and property and equipment (continued):

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.14 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

As at December 31, 2020 and 2019 the Company had no contingent liabilities and therefore no provision was recorded in the annual financial statements.

5.15 Income taxes:

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprise only of deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

5. Significant accounting policies (continued):

5.15 Income taxes (continued):

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense.

5.16 Leases:

At inception of a contract, the Company assesses whether a 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. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities on the consolidated statements of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months of less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.17 Share capital:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the warrants and share options accounts. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

5.18 Unit placements:

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black-Scholes valuation model and is recorded separately under "warrants".

5. Significant accounting policies (continued):

5.19 Other elements of equity:

Warrants and share options accounts include unrealized charges related to share options and warrants until they are exercised, if applicable. Contributed surplus includes compensation expense related to share options and warrants not exercised and expired.

Deficit includes all current and prior year retained losses.

Accumulated other comprehensive loss includes all foreign currency translation adjustments.

5.20 Equity-settled share-based compensation:

The Company has an equity-settled share-based compensation plan for its eligible directors, employees and consultants. The Company's plan is not cash-settled.

All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted.

All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

5.21 New standards and interpretations that have not yet been adopted:

Since the issuance of the Company’s audited consolidated financial statements for the year ended December 31, 2019, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

(in Canadian dollars)

6. Interests in subsidiaries:

The Company's consolidated financial statements include one subsidiary with a non significant NCI.

Name	Proportion of ownership interest and voting rights held by NCI	Total Comprehensive Loss allocated to NCI	Accumulated NCI
Zencig	30%	-	-

No dividends were paid to the NCI during the years ended December 31, 2020 and 2019.

Summarized financial information, before intragroup eliminations, is set out below:

	December 31 2020	**December 31 2019**
	$	**$**
Current assets	-	-
Non-current assets	-	-
Total assets	-	-
Current liabilities	96,011	96,011
Non-current liabilities	420,347	420,347
Total liabilities	516,358	516,358
Equity attributable to shareholders of the parent	(516,358)	(516,358)
Non-controlling interests	-	-

There were no net loss nor cash flows attributable to the Non-controlling interests for the years ended December 31, 2020 and 2019.

7. Cash and cash equivalents:

	December 31 2020	**December 31 2019**
	$	**$**
Cash	895,518	270,647
Cash in trust	2,461	4,819
	897,979	275,466

8. Short-term investments:

	December 31 2020	**December 31 2019**
	$	**$**
Guaranteed investment certificate, 0.20 % maturing in October 2021 is used as guarantee for credit card	15,000	-
Guaranteed investment certificate, 1.45 % maturing in October 2020 is used as guarantee for credit card	-	15,000
	15,000	15,000

(in Canadian dollars)

9. Marketable securities in a quoted company:

					Carrying value
	December 31 2019	Acquisition	Disposition	Change in fair value	December 31 2020
	$	$	$	$	$
Shares					
Genius Metals Inc.	143,747	-	-	(7,187)	136,560
	143,747	-	-	(7,187)	136,560

				Number of shares
	December 31 2019	Acquisition	Disposition	December 31 2020
Shares				
Genius Metals Inc.	718,736	-	-	718,736
	718,736	-	-	718,736

					Carrying value
	December 31 2018	Acquisition	Disposition	Change in fair value	December 31 2019
	$	$	$	$	$
Shares					
Genius Metals Inc.	-	143,747 (1)	-	-	143,747
	-	143,747	-	-	143,747

				Number of shares
	December 31 2018	Acquisition	Disposition	December 31 2019
Shares				
Genius Metals Inc.	-	718,736 (1)	-	718,736
	-	718,736	-	718,736

(1) On November 22, 2019, the Company received 718,736 common shares from Genius Metals Inc. at a fair value of $0.20 per share for a total value of $143,747 in settlement of accounts receivable in the amount of $179,684. This settlement resulted in a loss of $35,937 on settlement of accounts receivable, in comprehensive loss.

10. Other receivables:

	December 31 2020	December 31 2019
	$	$
Sales tax receivable (1)	67,264	21,505
Other receivable		
Amount receivable from Genius Metals Inc. / Professional Fee Sharing	23,530	12,279
Others	21,215	7,887
	112,009	41,671

(1) Sales tax receivable includes only receivables in Canada.

(in Canadian dollars)

11. Property and equipment:

	Office furnitures	Computer equipment	Leasehold improvements	Software	Total
	$	$	$	$	$
Cost					
As at December 31, 2018	16,440	11,133	-	2,729	30,302
Acquisitions	18,273	10,830	20,717	8,612	58,432
Exchange	(193)	(237)	(290)	(140)	(860)
As at December 31, 2019	34,520	21,726	20,427	11,201	87,874
Acquisitions	5,707	3,898	-	-	9,605
Write-off	-	(3,590)	-	-	(3,590)
Return	-	-	(872)	-	(872)
Exchange	(498)	(187)	(320)	(167)	(1,172)
As at December 31, 2020	39,729	21,847	19,235	11,034	91,845
Accumulated depreciation					
As at December 31, 2018	3,328	3,509	-	579	7,416
Depreciation	3,962	4,522	3,014	1,080	12,578
Exchange	-	(24)	(43)	(6)	(73)
As at December 31, 2019	7,290	8,007	2,971	1,653	19,921
Depreciation	5,558	5,204	9,803	1,340	21,905
Write-off	-	(1,558)	-	-	(1,558)
Exchange	(133)	(79)	(626)	(48)	(886)
As at December 31, 2020	12,715	11,574	12,148	2,945	39,382
Net book value					
As at December 31, 2019	27,230	13,719	17,456	9,548	67,953
As at December 31, 2020	27,014	10,273	7,087	8,089	52,463

12. Right-of-use assets:

	Office spaces
	$
Cost	
As at December 31, 2018	-
Initial adoption of IFRS 16	48,501
Acquisitions	162,849
Exchange	(2,382)
As at December 31, 2019	208,968
Exchange	(3,163)
As at December 31, 2020	205,805
Accumulated depreciation	
As at December 31, 2018	-
Depreciation	69,350
Exchange	(562)
As at December 31, 2019	68,788
Depreciation	100,492
Exchange	(4,981)
As at December 31, 2020	164,299
Net book value	
As at December 31, 2019	140,180
As at December 31, 2020	41,506

(in Canadian dollars)

13. Mining properties:

Mining properties can be detailed as follows:

	December 31 2019	Rights	Exchange	December 31 2020
	$	$	$	$
Peru Project:				
Quiulacocha tailings and Excelsior Stockpile:	1,389,843	-	(27,394)	1,362,449
Grand total	1,389,843	-	(27,394)	1,362,449

	December 31 2018	Rights	Exchange	December 31 2019
	$	$	$	$
Peru Project:				
Quiulacocha tailings and Excelsior Stockpile:	1,110,343	285,039	(5,539)	1,389,843
Grand total	1,110,343	285,039	(5,539)	1,389,843

Quiulacocha Tailings and Excelsior Stockpile:

CDPR's main asset is a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property"). The Property is known as the Excelsior and consists of the Excelsior Mineral Pile (“EMP”) and Quiulacocha Tailings (“QT”) forming residues generated by the processing of the Cerro de Pasco Mine Pb-Zn-Ag-Cu ore located 310 km from Lima, in east-central Peru.

The EMP occupies an area of 94 ha and contains 26,400,000 m3 of fragmentary rocks forming terraces composed of sulfide-rich rocks, sericitized volcanic and carbonate (dolomitic) rocks. Metal-bearing minerals consist of sphalerite (Zn), tennantite (Cu), cerussite (Pb), enargite (Cu) and galena (Pb, Ag-rich).

The property is subject to a 2.0% NSR on production. The total 2% may be purchased by the Company as per the following deadlines and payments:

	Cash payments USD
	$
In the first 24 months after the start of commercial production.	3,000,000
Between the 25th and 36th months after the start of commercial production.	3,500,000
Between the 37th and 48th months after the start of commercial production.	4,000,000

14. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	December 31 2020	December 31 2019
	$	$
Exploration and evaluation costs:		
Installation pre-operative expenses	-	-
Exchange	(3,689)	(9,235)
Balance, beginning of year	187,171	196,406
Balance, end of year	183,482	187,171

(in Canadian dollars)

14. Exploration and evaluation assets (continued):

Exploration and evaluation assets by properties are detailed as follows:

	December 31 2019	Exploration costs	Exchange	December 31 2020
	$	$	$	$
Peru Project:				
Quiulacocha tailings and Excelsior Stockpile:	187,171	-	(3,689)	183,482
	187,171	-	(3,689)	183,482

	December 31 2018	Exploration costs	Exchange	December 31 2019
	$	$	$	$
Peru Project:				
Quiulacocha tailings and Excelsior Stockpile:	196,406	-	(9,235)	187,171
	196,406	-	(9,235)	187,171

15. Trade accounts payable and other liabilities:

Trade accounts payable and other liabilities recognized in the consolidated statements of financial position can be analyzed as follows:

	December 31 2020	December 31 2019
	$	$
Current		
Trade accounts payable	988,653	287,877
Accrued liabilities	1,829,928	451,515
	2,818,581	739,392

	December 31 2020	December 31 2019
	$	$
Non-current		
Accrued liabilities	-	45,857
	-	45,857

As at December 31, 2020, the accrued liabilites include an amount of $50,645 ($183,428 as at December 31, 2019) relating to agreements with the communities. This amount does not bear interest and must be paid before May 2021.

Trade accounts payable and other liabilities recognized in the consolidated statements of financial position can be analyzed as follows:

	December 31 2020	December 31 2019
	$	$
Trade accounts payable and accrued liabilities:		
To directors	59,910	5,000
To officers	406,578	-
Other	1,099,526	591,173
Source deductions and contributions	1,252,567	189,076
	2,818,581	785,249

16. Obligation under capital lease:

	December 31 2020	December 31 2019
	$	$
Office equipment lease, 9.66% annual interest, maturing in December 2020	-	2,676
Less: current portion	-	(2,676)
	-	-

(in Canadian dollars)

17. Lease liabilities:

	December 31 2020	December 31 2019
	$	$
Balance, beginning of year	174,764	-
New debt obligations under lease liabilities	-	209,084
Gain on Covid-19 related rent concessions	(39,862)	-
Reimbursement of lease liabilities	(82,450)	(34,320)
Exchange	359	-
Balance, end of year	52,811	174,764
Less: current portion	(52,811)	(116,095)
Non-current portion	-	58,669

Other amounts recognized in profit or loss:

	December 31 2020	December 31 2019
	$	$
Interest expense on lease liabilities	19,190	13,650
	19,190	13,650

On August 9, 2017, the Company entered into a lease agreement for office space located in Saint-Sauveur, Québec, Canada. This agreement is effective from September 1, 2017 and expire on August 31, 2020. The monthly payment is $2,500.

On July 1, 2019, the Company entered into a lease agreement for office space (including parking spaces) located in Lima, Peru. This agreement is effective from July 1, 2019 and expire on June 30, 2021. The monthly payment is $9,266. There is a two months grace period for office space (July & August 2019) and a four months grace period for 75% of the parking spaces (from July to October 2019).

During the year ended December 31, 2020, as part of a Covid-19 assistance program in Peru, the Company received a reduction of its lease obligation estimated at $ 39,862 over the term of the agreement.

18. Promissory note:

On February 6, 2020, the Company entered into a promissory note agreement with Alpha Capital Anstalt for USD $300,000 (CAD $399,570), which bears interest at 12% annually until the maturity date (April 2020) and 18% annually after the maturity date. On June 19, 2020 and September 30, 2020, the Company repaid the full principal amount of USD $300,000 (CAD $402,135). As at December 31, 2020, an amount of CAD $2,565 was recognized in the P&L as exchange loss. The interest paid amounted to USD $21,009 (CAD $27,663) and was recognized in the P&L as finance expense.

19. Loan:

On May 6, 2020, the Company received $40,000 from the Canada Emergency Business Account ("CEBA"). The Government of Canada has launched the new CEBA, which has been implemented by eligible financial institutions in cooperation with Export Development Canada. The CEBA program has approved an interest-free loan of up to $40,000 to the Company to help cover operating costs, due to the economic impacts of the COVID-19 virus. The outstanding balance of the CEBA must be repaid by December 31, 2022. Repayment of CEBA on or before the due date will result in loan forgiveness of 25% (up to $10,000).

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. As the issuance, the loan was $20,701, the effective interest was $9,299 and the government assistance was $19,299 which included the loan forgiveness of $10,000 plus the effective interest of $9,299. During the year ended December 31, 2020, an effective interest expense of $1,982 was recorded in the P&L.

(in Canadian dollars)

20. Convertible debenture:

	December 31 2020	December 31 2019
	$	$
Convertible debenture		
Convertible debenture capital of $1,000,000, bearing interest at 10% payable annually and maturing on October 16, 2021	813,249	-
	813,249	-
Current portion of convertible debenture	813,249	-
Non-current portion of convertible debenture	-	-

On October 15, 2020, the Company issued unsecured convertible debenture with a face value of $1,000,000 and 1,857,143 warrants for a total consideration of $1,000,000. Each warrant entitle the holder to acquire one common share of the Company at a price of $0.60 until October 15, 2022. The warrants include an option to allow the Company to change the exercise price, subject to the approval of exchange. For accouting purposes, this option resulted in the warrants being classifed as a financial liability at fair value through profit or loss.

The convertible debenture has en effective rate of 32.25% and is convertible at the holder's option at $0.60 per share. The debenture agreement also include a 5% redemption fee if at maturity the Company's shares are trading at $0.60 or less, based on the average of the last 20 trading days. For accounting purposes, this penalty represent an embedded derivative and must be acccounted for separately as a financial liability at fair value through profit or loss.

The Company incurred costs of $69,173 for the issuance of this debenture. The fair value of the convertible debenture measured as at October 15, 2020 is $773,827, net of issuance costs of $69,173, embedded derivative on the convertible debenture of $35,775 and warrants of $121,225. No value was attributed to the conversion option

The initial value of the embedded derivative and of the warrants was determined using the Black & Sholes evaluation model based on the following assumptions : Share price of $0.37, exercice Price of $0.60, risk-free interest rate of 0.23%, Expected life of 1 and 2 years, expected volatility of 55% and 61%. The expected volatility used was determined using historical price volatility of the Company.

21. Reconciliation of liabilites arising from financing activities:

The changes in the liabilities arising from financing activities are classified as follows:

	Obligation under capital lease	Lease liabilities	Promissory note	Loan	Convertible debentures	Embedded derivative on convertible debenture	Warrants	Total
	$	$	$	$	$	$	$	$
Balance as at December 31 2019	2,676	174,764	-	-	-	-	-	177,440
Cash flows:								
Proceeds	-	-	399,570	30,000	1,000,000	-	-	1,429,570
Repayment	(2,676)	(82,450)	(399,570)	-	-	-	-	(484,696)
Transaction costs	-	-	-	-	(57,505)	(2,659)	(9,009)	(69,173)
Gain on Covid-19 related rent concessions	-	(39,862)	-	-	-	-	-	(39,862)
Exchange	-	359	-	-	-	-	-	359
Non-cash:								
Effective interest on loan	-	-	-	(7,317)	39,422	-	-	32,105
Fair value - Initial	-	-	-	-	(168,668)	38,434	130,234	-
Change in fair value	-	-	-	-	-	2,690	(20,666)	(17,976)
Balance as at December 31, 2020	-	52,811	-	22,683	813,249	38,465	100,559	1,027,767

	Obligation under capital lease	Lease liabilities	Promissory note	Loan	Convertible debentures	Embedded derivative on convertible debenture	Warrants	Total
	$	$	$	$	$	$	$	$
Balance as at December 31, 2018	4,894	-	-	-	-	-	-	4,894
Adoption of IFRS 16	-	160,583	-	-	-	-	-	160,583
Revised January 1, 2019	-	48,501	-	-	-	-	-	48,501
Cash flows:								
Repayment	(2,218)	(34,320)	-	-	-	-	-	(36,538)
Balance as at December 31 2019	2,676	174,764	-	-	-	-	-	177,440

22. Share capital and warrants:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

(b) Issued and outstanding:

2020:

On February 28, 2020, the Company concluded a private placement by issuing 1,291,000 units at a price of $0.40 per unit for net proceeds of $509,173 after deducting share issuance costs of $7,227. A commission of $3,684 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,291,000 common shares and 1,291,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.65 until February 28, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $77,413 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As part of this private placement, the Company also issued a total of 9,210 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.65 per share until February 28, 2022. These warrants have been recorded at a value of $601 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the statement of changes in equity. Share issuance costs amounted to $7,828 including the fair value of the broker warrants of $601.

On March 6, 2020, the Company concluded a private placement by issuing 1,052,500 units at a price of $0.40 per unit for net proceeds of $407,141 after deducting share issuance costs of $13,859. A commission of $11,300 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,052,500 common shares and 1,052,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.65 until March 28, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $62,294 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As part of this private placement, the Company also issued a total of 28,000 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.65 per share until March 6, 2022. These warrants have been recorded at a value of $1,799 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the statement of changes in equity. Share issuance costs amounted to $15,658 including the fair value of the broker warrants of $1,799.

On March 30, 2020, the Company issued to service providers 30,000 common shares valued at $9,900 for business development consultancy.

On May 15, 2020, the Company issued to service providers 30,000 common shares valued at $9,000 for business development consultancy.

On June 15, 2020, the Company concluded a private placement by issuing 3,626,500 units at a price of $0.30 per unit for net proceeds of $1,075,420 after deducting share issuance costs of $12,530. A commission of $6,060 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 3,626,500 common shares and 3,626,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until June 15, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $182,374 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As part of this private placement, the Company also issued a total of 84,590 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.50 per share until June 15, 2022. These warrants have been recorded at a value of $5,111 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the statement of changes in equity. Share issuance costs amounted to $17,641 including the fair value of the broker warrants of $5,111.

On June 15, 2020, the Company issued to service providers 84,590 common shares valued at $25,377 for business development consultancy.

On June 16, 2020, the Company concluded a private placement by issuing 200,000 units at a price of $0.30 per unit for net proceeds of $60,000 after deducting share issuance costs of $Nil. No commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 200,000 common shares and 200,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until June 16, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $11,627 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)).

On July 2, 2020, the Company concluded a private placement by issuing 1,812,034 units at a price of $0.30 per unit for net proceeds of $532,504 after deducting share issuance costs of $11,106. A commission of $5,994 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,812,034 common shares and 1,812,034 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until July 2, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $98,707 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)).

On August 19, 2020, the Company issued to service providers 130,000 common shares valued at $42,900 for business development consultancy and consulting fees.

(in Canadian dollars)

22. Share capital and warrants (continued):

(b) Issued and outstanding (continued):

2020 (continued):

On August 21, 2020, the Company concluded a private placement by issuing 1,128,130 units at a price of $0.30 per unit for net proceeds of $337,295 after deducting share issuance costs of $1,145. No commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,128,130 common shares and 1,128,130 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until Augsut 21, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $57,107 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)).

On August 28, 2020, the Company concluded a private placement by issuing 3,333,334 units at a price of $0.30 per unit for net proceeds of $999,198 after deducting share issuance costs of $802. No commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 3,333,334 common shares and 3,333,334 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until August 28, 2022. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of $188,936 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As part of this private placement, the Company also issued a total of 250,000 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.365 per share until August 28, 2022. These warrants have been recorded at a value of $30,842 based on the Black-Scholes option pricing model using the assumptions described below (Note 21 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the statement of changes in equity. Share issuance costs amounted to $31,644 including the fair value of the broker warrants of $30,842.

On November 16, 2020, the Company issued to service providers 30,000 common shares valued at $11,550 for business development consultancy and consulting fees.

On December 10, 2020, the Company issued to service providers 50,000 common shares valued at $21,750 for business development consultancy and consulting fees.

2019:

On February 14, 2019, the Company issued to a service provider 200,000 common shares valued at $50,000 for business development consultancy.

On March 13, 2019, the Company issued to a service provider 200,000 common shares valued at $63,000 for business development consultancy.

On May 13, 2019, the Company issued to a service provider 200,000 common shares valued at $63,000 for business development consultancy.

On December 9, 2019, the Company issued to service providers 260,000 common shares valued at $109,200 for business development consultancy.

(c) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

		December 31 2020		**December 31 2019**
	Number of outstanding warrants	**Weighted average exercise price**	**Number of outstanding warrants**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	6,633,640	0.40	19,856,226	0.30
Granted	14,672,441	0.53	-	-
Exercised	(306,000)	0.40	(10,473,328)	0.25
Expired	(6,327,640)	0.40	(2,749,258)	0.25
Outstanding at end	14,672,441	0.53	6,633,640	0.40

(in Canadian dollars)

22. Share capital and warrants (continued):

(c) Warrants (continued):

The following table provides outstanding warrants information as at December 31, 2020:

			Outstanding warrants
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
February 28, 2022	1,300,210	0.65	1.2
March 6, 2022	1,080,500	0.65	1.2
June 15, 2022	3,711,090	0.50	1.5
June 16, 2022	200,000	0.50	1.5
July 2, 2022	1,812,034	0.50	1.5
August 21, 2022	1,128,130	0.50	1.6
August 28, 2022	3,333,334	0.50	1.7
August 28, 2022	250,000	0.365	1.7
October 15, 2022	1,857,143	0.60	1.8
	14,672,441	0.53	1.5

The following table provides outstanding warrants information as at December 31, 2019:

			Outstanding warrants
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
December 17, 2020	716,000	0.40	1.0
December 21, 2020	5,917,640	0.40	1.0
	6,633,640	0.40	1.0

The following table provides the weighted average fair value of warrants granted:

	December 31 2020	**December 31 2019**
	$	**$**
Weighted average fair value of warrants granted	0.0577	-

The fair value of each warrant granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	December 31 2020	**December 31 2019**
Weighted average expected dividend yield	0%	-
Weighted average share price at grant date	$0.342	-
Weighted average expected volatility (1)	62.12%	-
Weighted average risk-free interest rate	0.38%	-
Weighted average exercise price at grant date	$0.535	-
Weighted average expected life	2.0 years	-

(1) Before June 2020, the volatility was determined as per an average of the volatility of comparable publicly traded companies and the volatility of the Company.

(in Canadian dollars)

23. Share-based compensation:

(a) Share option plan:

The Company has a stock option plan whereby the Board of Directors, may grant to directors, officers or consultants of the Company, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a "Rolling" stock option plan reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company or up to twelve months after the beneficiary has left.

There were 4,700,000 share options granted during the year ended December 31, 2020.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

		December 31 2020		December 31 2019
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		$		$
Outstanding at beginning	5,668,500	0.40	80,000	0.25
Granted	4,700,000	0.40	5,668,500	0.40
Forfeited	-	-	(80,000)	0.25
Outstanding at end	10,368,500	0.40	5,668,500	0.40
Exercisable at end	10,368,500	0.40	5,668,500	0.40

The following table provides outstanding share options information as at December 31, 2020:

				Outstanding share options
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
December 31, 2022	218,500	218,500	0.40	2.0
March 7, 2024	5,400,000	5,400,000	0.40	3.2
March 29, 2024	50,000	50,000	0.40	3.2
August 19, 2023	200,000	200,000	0.40	2.6
August 28, 2023	200,000	200,000	0.40	2.7
August 28, 2025	4,300,000	4,300,000	0.40	4.7
	10,368,500	10,368,500	0.40	3.7

The following table provides outstanding share options information as at December 31, 2019:

				Outstanding share options
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
December 31, 2022	218,500	218,500	0.40	3.0
March 7, 2024	5,400,000	5,400,000	0.40	4.2
March 29, 2024	50,000	50,000	0.40	4.2
	5,668,500	5,668,500	0.40	4.1

(in Canadian dollars)

23. Share-based compensation (continued):

(a) Share option plan (continued):

2020:

On August 19, 2020, the Company granted 200,000 share options to consultants at an exercise price of $0.40 per share, expiring on August 19, 2023. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.11 per share option at the grant date for a total of $21,900 using the Black-Scholes option pricing model.

On August 28, 2020, the Company granted 200,000 share options to consultants at an exercise price of $0.40 per share, expiring on August 28, 2023. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.14 per share option at the grant date for a total of $27,280 using the Black-Scholes option pricing model.

On August 28, 2020, the Company granted 4,300,000 share options to directors, officers, consultants and employees at an exercise price of $0.40 per share, expiring on August 28, 2025. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.18 per share option at the grant date for a total of $786,470 using the Black-Scholes option pricing model.

2019:

On March 6, 2019, the Company granted 5,400,000 share options to directors, officers, consultants and an employee at an exercise price of $0.40 per share, expiring on March 7, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.19 per share option at the grant date for a total of $1,041,660 using the Black-Scholes option pricing model.

On March 28, 2019, the Company granted 50,000 share options to a consultant at an exercise price of $0.40 per share, expiring on March 29, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.17 per share option at the grant date for a total of $8,465 using the Black-Scholes option pricing model.

On December 30, 2019, the Company granted 218,500 share options to a consultant at an exercise price of $0.40 per share, expiring on December 31, 2022. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.20 per share option at the grant date for a total of $43,962 using the Black-Scholes option pricing model.

The following table provides the weighted average fair value of share options granted:

	December 31 2020	**December 31 2019**
	$	**$**
Weighted average fair value of share options granted	0.1778	0.1930

The fair value of each share option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	December 31 2020	**December 31 2019**
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	$0.368	$0.324
Weighted average expected volatility (1)	61.31%	79.55%
Weighted average risk-free interest rate	0.39%	1.69%
Weighted average exercise price at grant date	$0.40	$0.40
Weighted average expected life	4.83 years	4.92 years

(1) The volatility was determined as per an average of the volatility of comparable publicly traded companies and the volatility of the Company.

(in Canadian dollars)

24. General and administrative expenses by nature:

General and administrative expenses recognized in the net loss of the year is as follows:

	December 31 2020	December 31 2019
	$	$
General and administrative expenses:		
Salaries and employee benefit expense	1,484,602	606,392
Management and consulting fees	2,561,379	1,455,973
Professional fees	586,470	674,990
Business development	1,000,957	599,833
Rent and office expenses	181,884	196,556
Registration, listing fees and shareholders information	130,010	51,461
Project implementation cost	225,338	32,577
Share-based compensation	835,650	1,094,087
Depreciation of right-of-use assets	100,492	69,350
Depreciation of property and equipment	21,905	12,578
	7,128,687	4,793,797

25. Finance expenses:

Finance expenses recognized in the net loss of the year is as follows:

	December 31 2020	December 31 2019
	$	$
Fines, penalties, bank charges & other interest	15,466	16,023
Interest on lease liabilities	19,190	13,650
Interest on promissory note	27,663	-
Interest on loan	1,982	-
Interest on convertible debenture	21,096	-
Presumed interest on convertible debenture	39,422	-
Finance expenses	124,819	29,673

(in Canadian dollars)

26. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	December 31 2020	December 31 2019
	$	$
Loss before income taxes	(7,412,718)	(5,035,570)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.60%
Expected income tax recovery	(1,964,370)	(1,339,462)
Changes in unrecorded temporary differences	1,131,513	442,611
Difference in tax rates of the foreign subsidiary	(27,180)	2,596
Non-deductible change in fair value (non-taxable)	952	-
Difference between deferred and statutory tax rates	-	(6,864)
Share-based compensation and other non-deductible expenses	892,342	963,914
Income tax expense	33,257	62,795
Income tax expense	-	26,789
Deferred income tax expense	33,257	36,006
Income tax expense	33,257	62,795

(b) Composition of deferred income taxes expense (recovery) in the statement of comprehensive loss:

	December 31 2020	December 31 2019
	$	$
Inception and reversal of temporary differences	(1,071,076)	(402,337)
Difference between deferred and statutory tax rates	(27,180)	(4,268)
Changes in unrecorded temporary differences	1,131,513	442,611
Deferred income tax expense	33,257	36,006

(c) Movement in recognized deferred tax assets and liabilities during the year:

	December 31 2019	Recognized in profit or loss	Foreign exchange	December 31 2020
	$	$	$	$
Property and equipment	(35,503)	19,819	1,897	(13,787)
Exploration and evaluation assets	-	(53,076)	(1,000)	(54,076)
Non-capital losses	-	14,587	-	14,587
Convertible debenture	-	(14,587)	-	(14,587)
	(35,503)	(33,257)	897	(67,863)

	December 31 2018	Recognized in profit or loss	Foreign exchange	December 31 2019
	$	$	$	$
Property and equipment	-	(36,006)	503	(35,503)
	-	(36,006)	503	(35,503)

(d) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

(in Canadian dollars)

26. Income taxes (continued):

(d) Unrecognized deductible temporary differences (continued):

			December 31 2020			December 31 2019
	Federal	Québec	Peru	Federal	Québec	Peru
						$
Property and equipment	195,970	195,970	-	189,121	189,121	154,989
Marketable securities	7,187	7,187	-	-	-	-
Share issuance costs	135,693	135,693	-	83,215	83,215	-
Accrued liabilities	-	-	-	-	-	284,191
Lease liabilities	-	-	53,982	-	-	-
Non-capital losses carryforwards	5,459,910	5,442,455	1,176,394	2,118,853	2,106,975	-
	5,798,760	5,781,305	1,230,376	2,391,189	2,379,311	439,180

The ability to realize tax benefits is dependant upon a number of factors. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. As at December 31, 2020, deferred tax assets totalling $1,897,625 ($761,857 in 2019) have not been recognized.

(e) Non-capital losses:

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position, that can be carried over the following years:

	Federal	Québec	Peru
	$	$	$
2038	165,832	162,966	-
2039	1,887,216	1,878,204	-
2040	3,406,862	3,401,285	-
Unlimited (1)	-	-	1,176,394
	5,459,910	5,442,455	1,176,394

(1) In the Peruvian tax system, you can either carry forward your losses for four years, or carry the losses forward indefinitely but to offset only up to 50% of the taxable income for each subsequent year.

27. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	December 31 2020	December 31 2019
	$	$
Non-cash operating activities:		
Amount of receivable related to the settlement of receivables	-	179,684
Non-cash financing activities:		
Shares issued as payment of consulting fees	120,477	285,200
Lease liabilities	-	209,084
Non-cash investing activities:		
Property and equipment in trade accounts payable and accrued liabilities	-	3,841
Mining properties in trade accounts payable and accrued liabilities	50,645	187,399
Marketable securities received on settlement of receivables	-	143,747

(in Canadian dollars)

28. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	December 31 2020	December 31 2019
	$	$
Management and consulting fees	1,853,520	848,396
Salaries and director's fees	93,324	96,309
Share-based compensation	658,438	829,470
	2,605,282	1,774,175

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

29. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the consolidated statements of financial position related to the following classes of assets and liabilities:

		December 31 2020		December 31 2019
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities	136,560	136,560	143,747	143,747
	136,560	136,560	143,747	143,747
Financial assets				
Amortized cost				
Cash and cash equivalents	897,979	897,979	275,466	275,466
Short-term investment	15,000	15,000	15,000	15,000
Other receivables (excluding sales tax receivable)	44,745	44,745	20,166	20,166
	957,724	957,724	310,632	310,632
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities (excluding sources deductions & contributions)	1,566,014	1,566,014	596,173	596,173
Convertible debenture	813,249	813,249	-	-
Loan	22,683	22,683	-	-
Fair value through profit or loss (FVTPL)				
Embedded derivative on convertible debenture	38,465	38,465	-	-
Warrants	100,559	100,559	-	-
	2,540,970	2,540,970	596,173	596,173

The fair value of cash and cash equivalents, short-term investments, other receivables and trade accounts payable and other liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

The fair values of the marketable securities are $136,560 as at December 31, 2020 ($143,747 as at December 31, 2019) and are determined by using the closing price for December 31, 2020 and December 31, 2019.

The fair values of the loan is $22,683 as at December 31, 2020 ($Nil as at December 31, 2019) and is determined by using the estimated market rate that the Company would have obtained for a similar financing through the discounted cash flows method.

(in Canadian dollars)

29. Financial assets and liabilities (continued):

The fair values of the convertible debenture is $813,249 as at December 31, 2020 ($Nil as at December 31, 2019) and is determined by using the estimated market rate that the Company would have obtained for a similar financing through the discounted cash flows method.

The fair values of the embedded derivative on convertible debenture is $38,465 as at December 31, 2020 ($Nil as at December 31, 2019) and is determined by using the estimated market rate that the Company would have obtained for a similar financing through the discounted cash flows method.

The fair values of the warrants are $100,559 as at December 31, 2020 ($Nill as at December 31, 2019) and are determined by using using the Black-Scholes option pricing model for December 31, 2020 and December 31, 2019.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The loan and the convertible debenture were classified under level 2 in 2020.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

			December 31 2020
	Level 1	**Level 2**	**Level 3**
	$	$	$
Marketable securities			
Fair value through profit or loss (FVTPL)	136,560	-	-
Convertible debenture			
Amortized cost	-	813,249	-
Embedded derivative on convertible debenture			
Fair value through profit or loss (FVTPL)	-	38,465	-
Loan			
Amortized cost	-	22,683	-
Warrants			
Fair value through profit or loss (FVTPL)	-	100,559	-
	136,560	974,956	-

			December 31 2019
	Level 1	**Level 2**	**Level 3**
	$	$	$
Marketable securities			
Fair value through profit or loss (FVTPL)	143,747	-	-
Convertible debenture			
Amortized cost	-	-	-
Embedded derivative on convertible debenture			
Fair value through profit or loss (FVTPL)	-	-	-
Loan			
Amortized cost	-	-	-
Warrants			
Fair value through profit or loss (FVTPL)	-	-	-
	143,747	-	-

(in Canadian dollars)

30. Capital management policies and procedures:

The Company considers the items included in equity and long term loan as capital components.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods are presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

	December 31 2020	December 31 2019
	$	$
Obligation under capital lease	-	2,676
Convertible debenture	813,249	-
Embedded derivative on convertible debenture	38,465	-
Loan	22,683	-
Warrants	100,559	-
(Deficiency) Equity	(975,624)	1,304,976
	(668)	1,307,652

31. Financial instrument risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk, liquidity risk and foreign currency risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets.

(a) Credit risk:

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

Credit risk of other receivables, cash and cash equivalents and short term investments is considered negligible, since the counterparty which holds the cash and cash equivalents is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the year ended December 31, 2020 and December 31, 2019, the Company has financed working capital needs through a loan, a convertible debenture, a promissory note, the exercise of warrants and private financings consisting of issuance of shares. Management estimates that the cash and cash equivalents as at December 31, 2020 will not be sufficient to meet the Company's needs for cash during the coming year.

31. Financial instrument risks (continued):

(b) Liquidity risk (continued):

Contractual maturities of financial liabilities (including capital and interest) are as follows:

				December 31 2020
	Less than 1 year	1-5 years	More than 5 years	Total
	$	$	$	$
Trade accounts payable and other liabilities	1,566,014	-	-	1,566,014
Convertible debenture	1,000,000	-	-	1,000,000
Embedded derivative on convertible debenture	50,000	-	-	50,000
Loan	-	30,000	-	30,000

				December 31 2019
	Less than 1 year	1-5 years	More than 5 years	Total
	$	$	$	$
Trade accounts payable and other liabilities	550,316	45,857	-	596,173
Convertible debenture	-	-	-	-
Embedded derivative on convertible debenture	-	-	-	-
Loan	-	-	-	-

(c) Foreign currency risk:

The Company operates in Canada and Peru. The functional currency of the parent company is the Canadian dollar. The assets, liabilities, revenues and expenses of Peru operations are denominated in USD. The Company is exposed to foreign exchange risks arising from the fluctuation of exchange rates between US dollar and the Canadian dollar. The Company does not enter into arrangements to hedge its foreign exchange risk.

As at December 31, 2020 and 2019, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	December 31 2020	December 31 2019
	$	$
Financial instruments denominated in USD		
Cash and cash equivalents	12,968	18,310
Other receivables	9,804	6,743
Prepaid expenses	106,420	-
Trade accounts payable and other liabilities	(798,318)	(589,733)
Lease liabilities	(52,811)	-
Net exposure	(721,937)	(564,680)

Based on the above net exposure as at December 31, 2020 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of $72,194 ($56,468 in 2019) in the Company's comprehensive loss and changes in equity.

(d) Price risk:

The Company is exposed to fluctuations in the market prices of its marketable securities in a quoted mining exploration company. The fair value of the marketable securities represents the maximum exposure to price risk. For the marketable securities in quoted mining exploration companies, an average volatility of 51.58% has been observed during the year ending December 31, 2020 (51.71% for the year ending December 31, 2019).

This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If quoted stock price for these securities had increased or decreased by the same amount, profit and loss would have changed by $70,438 ($74,332 as at December 31, 2019).

32. Contingency:

On October 5, 2018, before the Transaction (see Note 1), Genius Properties Ltd. completed an Asset Transfer Agreement pursuant to which the Company transferred to Genius Metals Inc. ("Genius Metals") the ownership of all mining rights and titles, a part of its trade accounts payable and other liabilities and the other liability related to flow-through shares estimated at $29,781. In consideration for such transfer, Genius Metals issued to the Company 9,797,970 Genius Metals common shares for a consideration of $3,463,660. The transfer was recorded at the carrying amount of the assets and liabilities transferred. Notwithstanding that the liabilities related to the flow-through shares were transferred to Genius Metals, the Company retains the ultimate responsibility for the tax liability related to these financings. Genius Metals has indemnified the Company for any such liability.

33. Subsequent events:

On January 7, 2021, the Company issued to a service provider 50,000 common shares valued at $19,000 for business development consultancy and consulting fees.

On February 22, 2021, the Company issued to service providers 30,000 common shares valued at $11,400 for business development consultancy and consulting fees.

On March 10, 2021, the Company granted 200,000 share options to a consultant at an exercise price of $0.40 per share, expiring on March 10, 2023. Each share option entitles the holder to acquire one common share.

On April 5, 2021, the Company issued to a service provider 50,000 common shares valued at $17,000 for business development consultancy and consulting fees.

On April 8, 2021, the Company concluded a private placement by issuing 3,395,000 units at a price of $0.35 per unit for proceeds of $1,188,250. Each unit consists of one common share and one-half warrant for a total of 3,395,000 common shares and 1,697,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until April 8, 2023. The Company may, at its option, accelerate the expiry date under certain conditions.

On April 22, 2021, the Company concluded a private placement by issuing 3,022,128 units at a price of $0.35 per unit for proceeds of $1,057,745. Each unit consists of one common share and one-half warrant for a total of 3,022,128 common shares and 1,511,064 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.50 until April 22 2023. The Company may, at its option, accelerate the expiry date under certain conditions.