CONSOLIDATED
FINANCIAL STATEMENTS
YEARS ENDED
JANUARY 31, 2022 and 2021

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Red Metal Resources Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Red Metal Resources Ltd. (the "Company") as of January 31, 2022, January 31 2021, and February 1, 2020 the related consolidated statements of comprehensive loss, shareholders' deficit, and cash flow, for the years ended January 31, 2022 and 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company *as of* January 31, 2022, January 31 2021, and February 1, 2020, and its financial performance and its cash flows for the years ended January 31, 2022 and 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated revenues since inception, has incurred losses in developing its business, and further losses are anticipated. The Company requires additional funds to meet its obligations and the costs of its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter(s)

The critical audit matter(s) communicated below is a (are) matter(s) arising from the current period audit of the financial statements that was (were) communicated or required to be communicated to the audit committee and (that): (1) relate(s) to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of (the) critical audit matter(s) does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matter(s) or on the accounts or disclosures to which it (they) relate.

Critical Audit Matter	How the Matter was Addressed in the Audit
Assessment of exploration and evaluation assets for potential impairment indicators As described in Note 3 to the financial statements, management reviews and evaluates the net carrying value of exploration and evaluation assets for impairment upon the occurrence of events or changes in circumstances that indicate that the related carrying amounts may not be recoverable. If deemed necessary based on this review and evaluation, management performs a test for impairment. In its review and evaluation, management determined that there were no indicators that the carrying amount of exploration and evaluation assets, which has a carrying value of $821,773 as of January 31, 2022, may not be recoverable. We identified the assessment of exploration and evaluation assets for potential impairment indicators as a critical audit matter due to the materiality of the balance, the high degree of auditor judgment and an increased level of effort when performing audit procedures to evaluate the reasonableness of management's assumptions in determining whether indicators of impairment are present.	The primary procedures we performed to address this critical audit matter included: • Evaluation of the Company's identification of significant events or changes in circumstances that have occurred indicating the underlying Chilean property may not be recoverable by performing an independent assessment. • Discussion with management of future business plans for the exploration and evaluation assets • Ensuring key assumptions were consistent with evidence obtained in other areas of the audit.

/s/ DMCL LLP

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2010
Vancouver, Canada
May 31, 2022

RED METAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	January 31, 2022	January 31, 2021	February 1, 2020
			(restated)*	**(restated)***
ASSETS				
Current				
Cash		$ 474,317	$ 60,486	$ 13,054
Prepaids and other receivables	10	152,947	1,273	7,628
Total current assets		627,264	61,759	20,682
Equipment	9	22,637	33,882	1,056
Exploration and evaluation assets	8	821,773	900,463	864,270
Total assets		$ 1,471,674	$ 996,104	$ 886,008
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current				
Accounts payable		$ 87,938	$ 100,658	$ 316,398
Accrued liabilities	11	102,208	56,850	223,541
Due to related parties	14	57,254	90,117	9,636
Notes payable		-	19,215	32,356
Total current liabilities		247,400	266,840	581,931
Long-term notes payable to related parties	14	1,555,503	1,397,387	947,274
Long-term amounts due to related parties	14	159,513	-	-
Withholding taxes payable	11	151,907	149,387	-
Total liabilities		2,114,323	1,813,614	1,529,205
Shareholders' deficit				
Share capital	12	7,755,830	6,409,558	6,409,558
Share-based payment reserve	12	4,034,929	3,521,907	3,521,907
Deficit		(12,144,764)	(10,522,764)	(10,312,110)
Accumulated other comprehensive loss		(288,644)	(226,211)	(262,552)
Total shareholders' deficit		(642,649)	(817,510)	(643,197)
Total liabilities and Shareholders' deficit		$ 1,471,674	$ 996,104	$ 886,008

*Restated for change in presentation currency (Notes 2(c) and 5)
Nature and continuance of operations (Note 1)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors:

/s/ Caitlin Jeffs
Director

/s/ Joao (John) da Costa
Director

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

(Expressed in Canadian Dollars)

	Note	Year ended January 31, 2022	2021 (restated)*
Operating expenses:			
Amortization		$ 8,626	$ 5,016
Consulting fees	14	214,008	71,673
General and administrative		230,582	42,124
Mineral exploration costs	8,14	307,669	7,272
Professional fees	14	313,679	161,942
Regulatory		62,031	25,905
Rent	14	9,034	6,133
Salaries, wages and benefits		47,419	37,505
Share-based compensation		327,070	-
		(1,520,118)	(357,570)
Other items			
Foreign exchange gain (loss)		2,404	(2,811)
Forgiveness of debt	13	13,858	255,493
Interest on notes payable	14	(118,144)	(105,766)
Net loss		(1,622,000)	(210,654)
Foreign currency translation		(62,433)	36,341
Comprehensive loss		$ (1,684,433)	$ (174,313)
Net loss per share – basic and diluted		$ (0.04)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted:		45,192,171	41,218,008

*Restated for change in presentation currency (Notes 2(c) and 5)

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

(Expressed in Canadian Dollars)

	Note	Share Capital: Number of common shares issued	Share Capital: Amount	Share-based payment reserve	Deficit	Accumulated other comprehensive loss	Total deficit
Balance, January 31, 2020 (restated)*		41,218,008	$ 6,409,558	$ 3,521,907	$ (10,312,110)	$ (262,552)	$ (643,197)
Net loss		-	-	-	(210,654)	-	(210,654)
Foreign exchange translation		-	-	-	-	36,341	36,341
Balance at January 31, 2021 (restated)*		41,218,008	6,409,558	3,521,907	(10,522,764)	(226,211)	(817,510)
Shares issued for private placement	12	3,849,668	577,450	-	-	-	577,450
Share issuance costs	12	-	(80,512)	58,273	-	-	(22,239)
Shares issued for subscription receipts	12	6,460,872	969,131	-	-	-	969,131
Share issuance costs	12	-	(131,914)	92,653	-	-	(39,261)
Shares issued for services	12	29,411	12,117	-	-	-	12,117
Share-based compensation	12	-	-	335,194	-	-	335,194
Forgiveness of debt with related party	14	-	-	16,925	-	-	16,925
Cash received from short sell fees	12	-	-	9,977	-	-	9,977
Net loss		-	-	-	(1,622,000)	-	(1,622,000)
Foreign exchange translation		-	-	-	-	(62,433)	(62,433)
Balance, January 31, 2022		51,557,959	$ 7,755,830	$ 4,034,929	$ (12,144,764)	$ (288,644)	$ (642,649)

*Restated for change in presentation currency (Notes 2(c) and 5)

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

(Expressed in Canadian Dollars)

	Year ended January 31, 2022	Year ended January 31, 2021 (restated)*
Cash flows used in operating activities		
Net loss	$ (1,622,000)	$ (210,654)
Adjustments to reconcile net loss to net cash used in operating activities		
Accrued interest on related party notes payable	118,144	105,766
Amortization	8,626	5,016
Cash paid for interest	-	(5,252)
Forgiveness of debt	(13,858)	(255,493)
Share-based compensation	347,311	-
Changes in operating assets and liabilities		
Prepaids and other receivables	(134,691)	5,863
Accounts payable	(13,735)	62,365
Accrued liabilities	60,738	8,451
Due to related parties	144,550	80,639
Net cash used in operating activities	(1,104,915)	(203,299)
Cash flows used in investing activities		
Acquisition of equipment	-	(36,562)
Net cash used in investing activities	-	(36,562)
Cash flows provided by financing activities		
Issuance of notes payable to related parties	39,497	352,862
Cash received on subscription to shares	555,211	-
Cash received on subscription to subscription receipts	929,870	-
Repayments of notes payable	(18,981)	(28,128)
Cash received from short sell fees	9,977	-
Net cash provided by financing activities	1,515,574	324,734
Effects of foreign currency exchange on cash	3,172	(37,441)
Increase in cash	413,831	47,432
Cash, beginning	60,486	13,054
Cash, ending	$ 474,317	$ 60,486

*Restated for change in presentation currency (Notes 2(c) and 5)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Red Metal Resources Ltd. (the “Company”) is involved in acquiring and exploring mineral properties in Chile through its wholly-owned subsidiary, Minera Polymet SpA (“Polymet”) organized under the laws of the Republic of Chile. The Company has not determined whether its properties contain mineral reserves that are economically recoverable.

The Company’s head office is located at 1130 West Pender Street, Suite 820, Vancouver, British Columbia, V6E 4A4. Its registered office address is 700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The Company's mailing address is 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 1R8. Polymet's head office is located in Vallenar, III Region of Atacama, Chile.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at January 31, 2022, the Company has not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. As at January 31, 2022, the Company had $474,317 cash and working capital of $379,864. The Company raises financing for its exploration and development activities in discrete tranches to finance its activities for limited periods only. The Company has identified that further funding may be required for working capital purposes, and to finance the Company’s exploration program and development of mineral assets. These conditions may cast substantial doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements and such adjustments may be material.

Uncertainty Associated with Global Outbreak of COVID-19

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

2. STATEMENT OF COMPLIANCE BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements were authorized for issue on May 31, 2022, by the directors of the Company.

The Company’s consolidated financial statements, including comparatives, have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

For all periods up to and including the year ended January 31, 2021, the Company prepared its financial statements in accordance with United States generally accepted accounting principles ("GAAP"). The consolidated financial statements for the year ended January 31, 2022, are the first the Company has prepared in accordance with IFRS. Refer to Note 4 for information on the IFRS adoption process.

b) Basis of Presentation

The consolidated financial statements of the Company as at and for the years ended January 31, 2022 and 2021 comprise of the Company and its wholly-owned subsidiary, Minera Polymet SpA, (together referred to as "Red Metal", the "Company"). Polymet is consolidated from the date of its incorporation, as Red Metal is the sole shareholder and therefore has the control and power to govern the financial and operating policies of Miner Polymet as to obtain benefits from its activities. The Company will continue to consolidate until the date Red Metal will no longer have control over Polymet. The financial statements of Polymet are prepared for the same reporting period as the parent company, using consistent accounting policies. Balances, transactions, income and expenses between Red Metal and Polymet are eliminated on consolidation.

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except certain financial instruments, which are recorded at fair value. All amounts are expressed in Canadian dollars, the Company's reporting currency (Notes 2(c) and 5).

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. The areas involving significant assumptions and estimates are disclosed in Note 6.

c) Foreign Currency Translation

Functional & presentation currencies

The functional currency of the Company is the US dollar. The functional currency of the Company's subsidiary, Minera Polymet, is the Chilean peso, which is determined to be the currency of the primary economic environment in which Polymet operates.

During the year ended January 31, 2022, the Company changed its presentation currency from the US dollar ("USD") to the Canadian dollar ("CAD"). The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to its peers. For more details, see Note 5 of these audited consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash comprises deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of less than 90 days.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial assets

i) Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven

by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by- instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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

Financial assets at FVTPL
Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit and loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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

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

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

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

Financial liabilities

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

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

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

Exploration and evaluation assets

Exploration and evaluation assets comprise of the costs of acquiring these assets, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying options. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Further acquisition costs incurred once the Company has obtained the legal rights to explore an area are capitalized.

Costs associated with exploration and evaluation activities as well as property taxes payable to maintain good standing of the exploration and evaluation assets are expensed as period costs. Government tax credits received are recorded as a reduction to the exploration and evaluation expenditures for the reporting period.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as exploration expenditure or recoveries when the payments are made or received.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditures on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest in, these procedures do not guarantee the Company's title.

Restoration and environmental obligations

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

restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.
As at January 31, 2022 and 2021, the Company had not recognized any provisions for restoration and environmental obligations.

Property, plant and equipment

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

As at January 31, 2022, the Company's equipment consisted of work trucks which are depreciated at 30% using the diminishing balance depreciation method.

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, the major inspection and overhaul expenditures of replacement of such a component are capitalized.

Income taxes

Income tax is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share capital

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

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

Share purchase warrants issued on a standalone basis are recognized at the fair value using the Black-Scholes Option Pricing model at the date of issue. The value is initially recorded as a part of reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

Share-based payment

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair values of the instruments are determined using the Black–Scholes Option Pricing model. The number of the instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the instruments granted shall be based on the number of the instruments that eventually vest.

Income/(loss) per share

Basic income/(loss) per share is calculated by dividing the income/(loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income/(loss) attributable to common shareholders equals the reported income/(loss) attributable to owners of the Company. Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The Company's diluted loss per share does not include the effect of stock options or warrants as they are anti-dilutive.

4. FIRST-TIME ADOPTION OF IFRS

These consolidated financial statements, for the year ended January 31, 2022, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended January 31, 2021, the Company prepared its financial statements in accordance with United States generally accepted accounting principles ("GAAP").

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at January 31, 2022, together with the comparative period data for the year ended January 31, 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at February 1, 2020. This note explains the principal adjustments made by the Company in restating its GAAP consolidated financial statements, including the statement of financial position as at February 1, 2020 and the financial statements as of, and for, the year ended January 31, 2021.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has considered the following exemptions that were relevant to its business operations:

- The Company assessed all contracts existing at February 1, 2020, to determine whether a contract contains a lease based upon the conditions in place as at February 1, 2020. The Company determined that no lease liabilities existed.

The Company assessed the effects of adoption of IFRS on the consolidated financial statements, for the years ended January 31, 2022 and 2021, and determined that the adoption did not result in changes. Therefore no reconciliation was required.

(Expressed in Canadian Dollars)

5. CHANGE IN PRESENTATION CURRENCY

Effective February 1, 2021, the Company changed its presentation currency to Canadian dollars from US dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to its industry peers. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively.

In order to satisfy the requirements of IAS 21 – *The effects of changes in foreign exchange rates,* with respect to the change in presentation currency, the consolidated financial statements for the year ended January 31, 2021, have been restated from USD to CAD using the procedures outlined below:

- assets and liabilities were translated to CAD using exchange rates at January 31, 2021;
- income and expenses were translated using average exchange rates during the year ended January 31, 2021;
- share capital and deficit were translated at the historical rates prevailing at the dates of transactions; and
- differences arising from the retranslation of the opening net assets at February 1, 2020, and the results for the year have been taken to the accumulated other comprehensive loss.

Consolidated Statements of Financial Position

	January 31, 2021		February 1, 2020	
	As reported, USD$	**Restated, CAD$**	**As reported, USD$**	**Restated, CAD$**
Cash	$ 47,293	$ 60,486	$ 9,865	$ 13,054
Other current assets	994	1,273	5,764	7,628
Equipment	26,450	33,882	798	1,056
Exploration and evaluation assets	702,941	900,463	653,117	864,270
Total assets	$ 777,678	$ 996,104	$ 669,544	$ 886,008
Current liabilities	$ 208,744	$ 266,840	$ 439,758	$ 581,931
Non-current liabilities	1,210,035	1,546,774	715,842	947,274
Total liabilities	1,418,779	1,813,614	1,155,600	1,529,205
Share capital	6,281,521	6,409,558	6,281,521	6,409,558
Share-based payment reserve	2,891,764	3,521,907	2,891,764	3,521,907
Deficit	(9,744,146)	(10,522,764)	(9,584,892)	(10,312,110)
Accumulated other comprehensive loss	(70,240)	(226,211)	(74,449)	(262,552)
Total shareholders' deficit	(641,101)	(817,510)	(486,056)	(643,197)
Total liabilities and shareholders' deficit	$ 777,678	$ 996,104	$ 669,544	$ 886,008

(Expressed in Canadian Dollars)

Consolidated Statement of Loss and Comprehensive Loss

	Year ended January 31, 2021	
	As reported, USD$	**Restated, CAD$**
Operating expenses	$ (267,297)	$ (357,570)
Foreign exchange loss	(2,148)	(2,811)
Forgiveness of debt	189,228	255,493
Interest on notes payable	(79,037)	(105,766)
Net loss	(159,254)	(210,654)
Foreign currency translation	4,209	36,341
Comprehensive loss	$ (155,045)	$ (174,313)
Earnings per share - basic and diluted	$ (0.00)	$ (0.01)

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These financial statements include estimates which, by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. The current market conditions introduce additional uncertainties, risks and complexities in management's determination of the estimates and assumptions used to prepare the Company's financial results. As the COVID-19 pandemic and volatility in financial markets is an evolving situation, management cannot reasonably estimate the length or severity of the impact on the Company. As such, actual results may differ from estimates and the effect of such differences may be material. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- classification/allocation of expenses as exploration and evaluation expenditures;
- classification and measurement of the Company's financial assets and liabilities;
- determination that the Company is able to continue as a going concern; and
- determination whether there have been any events or changes in circumstances that indicate the impairment of the Company's exploration and evaluations assets.

Key sources of estimation uncertainty include the following:

- the carrying value and recoverability of exploration and evaluation assets;
- recoverability and measurement of deferred tax assets;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based transactions.

7. FINANCIAL INSTRUMENTS AND RISKS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.
Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

(Expressed in Canadian Dollars)

The Company has classified its cash as measured at fair value in the statement of financial position, using level 1 inputs.

Categories of financial instruments

As at:		**January 31, 2022**		**January 31, 2021**		**February 1, 2020**
Financial assets:						
FVTPL						
Cash	$	474,317	$	60,486	$	13,054
Financial liabilities:						
Amortized cost						
Accounts payable	$	87,938	$	100,658	$	316,398
Accrued liabilities	$	102,208	$	56,850	$	223,541
Due to related parties	$	57,254	$	90,117	$	9,636
Notes payable	$	-	$	19,215	$	32,356

Assets and liabilities measured at fair value on a recurring basis:

As at January 31, 2022		**Level 1**		**Level 2**		**Level 3**		**Total**
Cash	$	474,317	$	-	$	-	$	474,317
	$	474,317	$	-	$	-	$	474,317

Accounts payable, accrued liabilities, and due to related parties approximate their fair value due to the short-term nature of these instruments.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:
Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institutions in Canada and in Chile. As such, the Company's credit risk exposure is minimal.

Market risk:
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. *Interest rate risk:*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. *Currency risk:*
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has offices in Canada and Chile, and holds cash in Canadian, United States, and Chilean Peso currencies. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Chilean Peso could have an effect on the Company's results of operations, financial position, and/or cash flows. At January 31, 2022, the Company had no hedging agreements in place with respect to foreign exchange rates. As the majority of the

transactions of the Company are denominated in CAD and Chilean Peso currencies, movements in the foreign exchange rates are not expected to have a material impact on the consolidated statements of comprehensive loss.

iii.Equity price risk:

Equity price risk is the risk that the fair value of equity/securities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is not exposed to equity price risk as it does not have any investments in marketable securities.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows. Historically, the Company's sources of funding have been through equity financings and loans from the Company's management and its major shareholder.

Subsequent to January 31, 2022, the Company received additional $432,702 loan proceeds from the Company's CEO and Director and closed the first tranche of equity financing for aggregate gross proceeds of $496,300 (Notes 14 and 17). The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding.

The following table details the remaining contractual maturities of the Company's financial liabilities as of January 31, 2022:

	Within 1 year	1-5 years	5+ years
Accounts payable and accrued liabilities	$ 190,146	$ -	$ -
Amounts due to related parties	57,254	159,513	-
Loans payable(1)	-	1,684,462	-
Withholding taxes payable	-	-	151,907
	$ 247,400	$ 1,843,975	$ 151,907

(1) Payments denominated in foreign currencies have been translated using the January 31, 2022, exchange rate.

8. EXPLORATION AND EVALUATION ASSETS

As of January 31, 2022, and 2021, the Company's interest in exploration and evaluation assets consisted of three active copper-gold projects on two properties, namely the Farellón and Perth Projects both located on the Carrizal Property, and the Mateo Project located on the Mateo Property. The Company capitalizes acquisition costs incurred on the Company's exploration and evaluation properties; the costs associated with exploration and drilling programs as well as property tax payments are expensed as period costs in the period they are incurred. Following tables present, as of January 31, 2022 and 2021, acquisition costs associated with each property:

Exploration and evaluation assets at January 31, 2022

	January 31, 2021 (restated)*	Effect of foreign currency translation	January 31, 2022
Farellón Project			
Farellón	$ 473,792	$ (41,403)	$ 432,389
Quina	182,618	(15,958)	166,660
Exeter	185,479	(16,209)	169,270
Sub-total, Farellón Project	841,889	(73,570)	768,319
Perth Project	58,573	(5,119)	53,454
Total costs	$ 900,463	$ (78,690)	$ 821,773

(Expressed in Canadian Dollars)

Exploration and evaluation assets at January 31, 2021

	January 31, 2020 (restated)*	Effect of foreign currency translation	January 31, 2021 (restated)*
Farellón Project			
Farellón	$ 454,749	$ 19,043	$ 473,792
Quina	175,278	7,341	182,618
Exeter	178,024	7,455	185,479
Sub-total, Farellón Project	808,051	33,839	841,889
Perth Project	56,219	2,354	58,573
Total costs	$ 864,270	$ 36,193	$ 900,463

During the year ended January 31, 2022, the Company incurred the following costs associated with the exploration activities on its mineral properties:

Exploration costs for the year ended January 31, 2022

	Farellón Project	Perth Project	Mateo Project	Total Costs
Property taxes paid	$ 24,321	$ 52,151	$ 10,716	$ 87,188
Geology	27,509	-	-	27,509
Drilling	150,222	-	-	150,222
Equipment used	5,754	-	-	5,754
Camp costs (including meals and travel)	30,938	-	-	30,938
Total exploration costs	$ 238,744	$ 52,151	$ 10,716	$ 301,611

Exploration costs for the year ended January 31, 2021

	Farellón Project	Perth Project	Mateo Project	Total Costs
Property taxes paid	$ 684	$ -	$ -	$ 684
Geology	-	-	-	-
Drilling	-	-	-	-
Equipment used	-	-	-	-
Camp costs (including meals and travel)	866	-	-	866
Total exploration costs	$ 1,550	$ -	$ -	$ 1,550

In addition to the costs listed in the tables above, during the year ended January 31, 2022, the Company incurred $6,058 in regulatory fees associated with claim maintenance fees (2021 - $5,722).

(Expressed in Canadian Dollars)

9. EQUIPMENT

Changes in equipment cost, depreciation and net book value of the equipment at January 31, 2022 and 2021, are as follows:

Cost		**Equipment**
Balance at February 1, 2020	$	15,174
Additions		36,562
Effect of foreign currency translation		1,979
Balance at January 31, 2021		53,715
Additions		-
Effect of foreign currency translation		(4,694)
Balance at January 31, 2022	$	49,021
Accumulated depreciation		
Balance at February 1, 2020	$	14,118
Additions		5,016
Effect of foreign currency translation		699
Balance at January 31, 2021		19,833
Additions		8,626
Effect of foreign currency translation		(2,075)
Balance at January 31, 2022	$	26,384
Net carrying amounts		
Balance, January 31, 2021	$	33,882
Balance, January 31, 2022	$	22,637

10. PREPAIDS AND OTHER RECEIVABLES

Prepaids and other receivables consisted of the following as at January 31, 2022 and 2021:

		January 31, 2022		January 31, 2021
Chilean corporate tax prepayment	$	652	$	714
GST/HST receivable		11,785		-
Prepaid deposits for drilling program		21,065		-
Prepaid expenses for general and administrative fees		119,445		559
Total prepaids and other receivables	$	152,947	$	1,273

11. WITHHOLDING TAXES PAYABLE

On July 31, 2020, the Company reclassified $146,237 in Chilean withholding taxes payable from current liabilities to long-term liabilities. As at January 31, 2022, and 2021, the Company had $151,907 and $149,387 in Chilean withholding taxes payable, respectively.

12. SHARE CAPITAL

On February 10, 2021, the Company changed its corporate jurisdiction from the State of Nevada to the Province of British Columbia. The Articles of Incorporation and Bylaws of the Company, under the Nevada Revised Statutes, were replaced with the Articles of the Company, under the *Business Corporations Act* (British Columbia). The authorized capital of the Company was amended to an unlimited number of common shares without par value (the "Shares"). The Company retroactively reclassified $6,424,684 associated with the historical share issuances from additional paid-in capital to common stock.

(Expressed in Canadian Dollars)

On May 14, 2021, the Company issued 29,411 shares of its common stock to a consultant for investor relations services. The Shares were issued pursuant to an independent contractors services agreement whereby the Company agreed to a USD$5,000 monthly fee payable to a consultant during a three-month period commencing on April 14, 2021. At the discretion of the Company, the cash fee could have been paid in common shares of the Company at a deemed price of USD$0.17 (CAD$0.206) per share for a total of 29,411 shares per month. At the time of the share issuance, the fair market value of the shares was USD$0.34 (CAD$0.41), therefore the Company recognized $12,117 as part of its investor relation fees.

On May 17, 2021, the Company closed a non-brokered private placement by issuing 3,849,668 units at a price of $0.15 per unit (each a "Unit") for gross proceeds of $577,450 (the "Unit Offering"). Each Unit consisted of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of $0.20 per common share for a period of 24 months from the date of issue. The Warrants are subject to an acceleration clause in the event that the common shares are listed on a recognized stock exchange and trade at a price of $0.30 or greater for 10 consecutive trading days, in which event the Company may notify warrant holders that the Warrants must be exercised within a period of 30 days. In case the Warrant holders do not exercise them within the accelerated 30-day period, the warrants will expire automatically. The Warrants were assigned $Nil value based on the residual method, as the fair market value of the Shares was above the offering price.

In connection with the Unit Offering, the Company paid cash commissions aggregating $22,239 and issued 149,310 Warrants to registered broker-dealers valued at $58,273. The Warrants are subject to the same terms and conditions as the Warrants purchased by other subscribers in the Unit Offering. The Company used Black-Scholes option pricing model to determine the value of the broker warrants. The following assumptions were used:

Expected Life of the broker warrants	2 years
Risk-Free Interest Rate	0.16%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	255%
Fair Value at the date of transaction	$0.45

On June 15, 2021, the Company closed a non-brokered private placement by issuing 6,460,872 subscription receipts (each a "Subscription Receipt") at a price of $0.15 per Subscription Receipt for aggregate gross proceeds of $969,131 (the "SR Offering").

Each Subscription Receipt automatically entitled the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to acquire one Subscription Receipt Unit (an "SR Unit"). Each SR Unit consisted of one common share and one common share purchase warrant of the Company (each, an "SR Warrant"). Each SR Warrant entitles the holder to purchase an additional common share of the Company at a price of $0.30 per common share, if exercised during the first year following the release from escrow, and at a price of $0.60, if exercised during the second year following the release from escrow. The SR Warrants were assigned $Nil value based on the residual method, as the fair market value of the Shares was above the offering price.

Until the escrow release conditions (including the listing of the Company's common shares on a recognized stock exchange in Canada) were met in full, the Subscription Receipts, and the proceeds of the SR Offering were held in trust by an escrow agent appointed by the Company.

On November 18, 2021, the Company received a receipt for a final non-offering prospectus with the B.C. Securities Commission after which, having satisfied the escrow release conditions, the escrowed funds were released to the Company effective November 22, 2021, and an aggregate of 6,460,872 Subscription Receipts were automatically converted, without any further consideration, into 6,460,872 common shares of the Company and 6,460,872 SR Warrants.

In connection with the closing of the SR Offering, the Company paid certain registered investment dealers a total of $39,261 and issued 228,389 warrants to the finders valued at $92,653 (the "Broker SR Warrants").

(Expressed in Canadian Dollars)

The Broker SR Warrants are subject to the same terms and conditions as the SR Warrants purchased by other subscribers in the SR Offering. The Company used Black-Scholes option pricing model to determine the value of the Broker SR Warrants. The following assumptions were used:

Expected Life of the Broker SR Warrants	2 years
Risk-Free Interest Rate	1.04%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	265%
Fair Value at the date of transaction	$0.43

Warrants

The changes in the number of warrants outstanding during the years ended January 31, 2022 and 2021, are as follows:

	Year ended January 31, 2022			Year ended January 31, 2021		
	Number of warrants	Weighted average exercise price		Number of warrants	Weighted average exercise price	
Warrants outstanding, beginning	-	$	n/a	2,500,000	$	0.1875
Warrants issued	10,688,239	$	0.36	-	$	n/a
Warrants expired	-	$	n/a	(2,500,000)	$	0.1875
Warrants outstanding, ending	10,688,239	$	0.36	-	$	n/a

Details of warrants outstanding as at January 31, 2022, are as follows:

Number of warrants exercisable	Grant date	Exercise price
3,849,668	May 17, 2021	$0.20 expiring on May 17, 2023
149,310 (1)	May 17, 2021	$0.20 expiring on May 17, 2023
6,460,872	November 23, 2021	$0.30 if exercised prior to November 23, 2022; $0.60 if exercised after November 23, 2022 but prior to November 23, 2023
228,389 (1)	November 23, 2021	$0.30 if exercised prior to November 23, 2022 $0.60 is exercised after November 23, 2022 but prior to November 23, 2023
10,688,239		

(1) Broker warrants issued on closing of the Unit Offering and SR Offering.

At January 31, 2022, the weighted average life of the warrants was 1.62 years.

Options

On July 13, 2021, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may, from time to time, at their discretion and in accordance with the CSE requirements, grant stock options to directors, officers and technical consultants for up to 10% of the issued and outstanding common shares of the Company. Such options are exercisable for a period of up to ten years from the date of grant. Exercise price and vesting terms are determined at the time of grant by the Board of Directors.

On November 24, 2021, the Company's board of directors granted 1,750,000 incentive stock options to its directors, officers, and consultants. The stock options are exercisable at a price of $0.25 per share for a period of five years expiring on November 24, 2026. The options to acquire up to 1,700,000 shares vested immediately upon grant, and the Company recognized $330,425 as share-based compensation associated with these options. The fair value of these stock options was estimated using the Black-Scholes Option Pricing model using the following assumptions:

(Expressed in Canadian Dollars)

	November 24, 2021
Expected life	5 years
Annualized volatility	186%
Risk-free interest rate	1.56%
Dividend yield	Nil
Fair Value at the date of grant	$0.20

The option to acquire up to 50,000 shares issued to a consultant for investor relation services vests over a period of 12 months at a rate of 12,500 options per quarter beginning on February 24, 2022. During the year ended January 31, 2022, the Company recognized $4,770 as share-based compensation associated with these options. The fair value of these stock options was estimated using the Black-Scholes Option Pricing model using the following assumptions:

	November 24, 2021
Expected life	5 years
Annualized volatility	195%
Risk-free interest rate	1.64%
Dividend yield	Nil
Fair Value at vesting	$0.25

At January 31, 2022, the Company had 1,750,000 share purchase options issued and outstanding, with 1,700,000 share purchase options exercisable on that date. All options were exercisable at $0.25 per share, with the weighted average life of 4.82 years.

Recovery of Short-Swing Profits

During the year ended January 31, 2022, the Company received $9,977 related to the recovery of short-swing profits under Section 16(b) of the Securities Exchange Act of 1934, as amended. The Company did not have similar transactions during the year ended January 31, 2021.

13. FORGIVENESS OF DEBT

During the year ended January 31, 2022, the Company's legal counsel agreed to forgive $13,667 the Company owed for services. In addition, the Company recorded $191 as forgiveness of debt associated with reversal of an old debt which exceeded the statute of limitations as promulgated under Chilean Laws.

During the year ended January 31, 2021, the Company entered into an agreement with its former legal representative in Chile (the "Debt Holder") whereby the Debt Holder agreed to forgive the amounts the Company owed to him for unpaid salaries, being $169,940 (101,385,974 pesos), and a total of $34,030 (20,302,303 pesos) the Company owed under 8% notes payable, in exchange for $53,408 (USD$40,000), of which $28,128 (USD$25,000) the Company paid on August 10, 2020, and $18,981 (USD$15,000) on September 9, 2021. In addition, during the year ended January 31, 2021, the Company recorded $102,465 as forgiveness of debt associated with reversal of an old debt which exceeded the statute of limitations as promulgated under Chilean Laws. These transactions resulted in a total gain on forgiveness of debt of $255,493 (of which $2,466 is attributed to effect of foreign currency translation).

14. RELATED-PARTY TRANSACTIONS

Related parties include the directors, officers, key management personnel, close family members and entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole

(Expressed in Canadian Dollars)

The following amounts were due to related parties as at:

	January 31, 2022	January 31, 2021
Due to a company owned by an officer and director [a]	$ 21	$ 22,341
Due to a company controlled by officers and directors [a]	39,565	16,270
Due to a company controlled by officers and directors [a]	5,650	-
Due to the Chief Executive Officer ("CEO") [a], [b]	5,476	35,200
Due to the Chief Financial Officer ("CFO") [a], [b]	1,272	10,278
Due to a major shareholder [a], [b]	3,180	3,195
Due to a company controlled by a director [a]	2,090	2,833
Total due to related parties	$ 57,254	$ 90,117

(a) Amounts are unsecured, due on demand and bear no interest.

(b) On July 29, 2020, Polymet entered into mining royalty agreements (the "NSR Agreements") with the Company's CEO, CFO, and the major shareholder (the "Purchasers") to sell net smelter returns (the "NSR") on its mineral concessions. NSR range from 0.3% to 1.25% depending on particular concession and the Purchaser. The Company's CEO agreed to acquire the NSR for $1,908 (USD$1,500), CFO agreed to acquire the NSR for $1,272 (USD$1,000), and the major shareholder agreed to acquire the NSR for $3,180 (USD$2,500).

The NSR will be paid quarterly once commercial exploitation begins and will be paid on gold, silver, copper and cobalt sales. If, within two years, the Company does not commence commercial exploitation of the mineral properties, an annual payment of $10,000 per purchaser will be paid.

Pursuant to Chilean law, the NSR agreements will come in force only when registered against the land title in Chile. Due to temporary safety restrictions associated with COVID-19 pandemic, the registration of the NSR Agreements has been deferred, therefore the payments made by the CEO, CFO, and the major shareholder have been recorded as advances on the books of the Company and will be applied towards the NSR Agreements, once they are fully legalized.

On October 31, 2021, the Company and its related parties agreed to defer certain debt the Company owed to them until January 31, 2023. As at January 31, 2022, the following amounts were included in long-term debt due to related parties:

	January 31, 2022
Due to a company owned by an officer and director [c]	$ 74,763
Due to a company controlled by officers and directors [c]	84,750
Total due to related parties	$ 159,513

(c) Amounts are unsecured, bear no interest, and are payable on or after January 31, 2023.

The following amounts were due under the notes payable the Company issued to related parties:

	January 31, 2022	January 31, 2021
Note payable to CEO [d]	$ 804,309	$ 742,816
Note payable to CFO [d]	14,298	13,265
Note payable to a company controlled by officers and directors [d]	566,166	483,658
Note payable to a major shareholder [d]	170,730	157,648
Total notes payable to related parties	$ 1,555,503	$ 1,397,387

(d) The notes payable to related parties accumulate interest at a rate of 8% per annum, are unsecured, and are payable on or after January 31, 2023, as renegotiated by the Company on August 31, 2021.

(Expressed in Canadian Dollars)

During the year ended January 31, 2022, the Company accrued $118,144 (January 31, 2021 - $104,422) in interest expense on the notes payable to related parties.

Transactions with Related Parties

During the years ended January 31, 2022 and 2021, the Company incurred the following expenses with related parties:

	Year ended January 31, 2022	Year ended January 31, 2021
Consulting fees to a company owned by an officer and director	$ 59,141	$ 21,466
Consulting fees to a company controlled by officers and directors	60,070	30,666
Consulting fees paid or accrued to a company controlled by VP of Finance	24,036	-
Consulting fees to an officer and director	-	9,200
Mineral exploration expenses paid to a company controlled by officers and directors	42,760	-
Legal fees paid to a company controlled by a director	37,036	2,794
Rent fees accrued to a company controlled by officers and directors	9,034	6,133
Stock-based compensation for options to acquire up to 1,390,000 Shares issued to directors and officers	270,170	-
Total transactions with related parties	$ 502,247	$ 70,259

On January 31, 2022, a company controlled by directors agreed to forgive a total of $16,925 the Company owed on account of office rent fees. The forgiveness of debt was recorded as part of share-based reserves.

At January 31, 2022, the Company had prepaid consulting fees to VP of Finance of $7,120.

15. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments with all current exploration activities being conducted in Chile. All of the Company's equipment and exploration and evaluation assets are located in Chile as follows:

	Year ended January 31, 2022	Year ended January 31, 2021 (restated)*
Equipment	$ 22,637	$ 33,882
Exploration and evaluation assets	821,773	900,463
	$ 844,410	$ 934,345

16. INCOME TAXES

A reconciliation of income taxes at statutory rate is as follows:

	Year ended January 31, 2022	Year ended January 31, 2021 (restated)*
Net loss before tax	$ (1,622,000)	$ (210,654)
Statutory income tax rate	27%	21%
Expected income tax recovery at statutory income tax rates	(438,000)	(44,000)
Non-deductible expenditures	90,924	-
Difference in foreign tax rates, foreign exchange	-	5,112
Other	(136,333)	(57,571)
Adjustment to prior year provisions versus statutory tax returns	39,409	72,907
Change in valuation allowance	444,000	23,552
Income tax recovery	$ -	$ -

*Restated for change in presentation currency (Notes 2(c) and 5)

(Expressed in Canadian Dollars)

The Company's deferred tax assets and liabilities are comprised of the following:

	Year ended January 31, 2022	2021
Deferred tax assets (liabilities):		(restated)*
Federal loss carryforwards	1,267,000	$ 1,010,000
Foreign loss carryforwards	1,359,000	1,206,000
Mineral properties	38,000	38,000
	2,664,000	2,254,000
Valuation allowance	(2,664,000)	(2,254,000)
Net deferred tax asset	$ -	$ -

*Restated for change in presentation currency (Notes 2(c) and 5)

The Company has approximately $5,704,000 in net operating loss carry forwards that may be offset against future taxable income, which may be used to reduce future taxable income and expire in the years 2034 - 2042. The Company also has approximately $5,035,000 of Chilean tax losses. The Chilean tax losses can be carried forward indefinitely.

17. SUBSEQUENT EVENTS

Subsequent to January 31, 2022, the Company announced its intention to complete a non-brokered private placement (the "2022 Offering") of up to 6,666,667 units (the "2022 Units") at a price of $0.15 per 2022 Unit for gross proceeds of up to $1,000,000. Each 2022 Unit will consist of one common Share and one whole transferable common share purchase warrant (a "2022 Warrant"). Each whole 2022 Warrant will entitle the holder thereof, on exercise, to purchase one Share (a "2022 Warrant Share") until the close of business on the day which is 24 months from its date of issue at an exercise price of $0.30 per 2022 Warrant Share for the first 12 months from its date of issue and $0.60 per 2022 Warrant Share for the remaining 12 months. On May 16, 2022, the Company closed the first tranche of the 2022 Offering for gross proceeds of $496,300. In connection with the first tranche of the 2022 Offering, the Company paid aggregate finder's fees of $30,314 and issued 202,090 Share purchase warrants with the same terms as 2022 Warrants.

Subsequent to January 31, 2022, the Company issued a number of notes payable to its CEO, for a total of $432,702. The notes payable accumulate interest at a rate of 8% per annum, are unsecured, and are payable on demand.