CASCADA SILVER CORP.

Consolidated Financial Statements

For the Year ended June 30, 2022 and for the Period from

August 25, 2020 (Incorporation) to June 30, 2021

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cascada Silver Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cascada Silver Corp. (the Company), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the year ended June 30, 2022 and for the period from August 25, 2020 (date of incorporation) to June 30, 2021, and notes to the 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 June 30, 2022 and 2021, and its financial performance and its cash flows for the year ended June 30, 2022 and for the period from August 25, 2020 (date of incorporation) to June 30, 2021, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $1,074,602 for the year ended June 30, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis but does not include the consolidated financial statements and our auditor's report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 relating 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.

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 Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 28, 2022

Cascada Silver Corp.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	As at June 30, 2022	As at June 30, 2021
ASSETS		
Current assets		
Cash	$ **1,416,917**	$ 2,526,992
Account receivable	**-**	50,806
Prepaid expenses	**19,337**	65,000
Total assets	$ **1,436,254**	$ 2,642,798
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ **133,369**	$ 322,611
Total liabilities	**133,369**	322,611
Equity		
Share capital (note 9)	**1,307,522**	1,307,522
Contributed surplus (note 9)	**225,100**	174,200
Warrants (note 9)	**2,694,600**	2,694,600
Accumulated other comprehensive income	**27,700**	27,700
Deficit	**(2,952,037)**	(1,883,835)
Total equity	**1,302,885**	2,320,187
Total equity and liabilities	$ **1,436,254**	$ 2,642,798

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

Nature of operations (note 1)
Going concern (note 2)

Approved on behalf of the Board:

(Signed) "Robert Suttie" Director

(Signed) "Brent Peters" Director

Cascada Silver Corp.
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

	Year Ended June 30, 2022	Period from August 25, 2020 (Incorporation) to June 30, 2021
Expenses		
Management fees (note 10)	**$ 503,319**	$ 105,234
General and administrative	**61,057**	37,087
Professional fees (note 10)	**98,176**	54,968
Transfer agent	**18,767**	26,794
Filing fees	**9,543**	45,667
Share-based payments (note 9(f)) (note 10)	**57,300**	174,200
Investor relations	**60,023**	114,921
Pre-exploration expenses	**353,602**	-
Foreign exchange (gain)/loss	**(86,011)**	158,880
Write-off of exploration and evaluation assets	**-**	1,168,147
Net loss from operations	**(1,075,776)**	(1,885,898)
Other items		
Interest income	**1,174**	2,063
Net loss for the year	**(1,074,602)**	(1,883,835)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation	**-**	27,700
Comprehensive loss for the year	**$ (1,074,602)**	$ (1,856,135)
Basic and diluted net loss per share	**$ (0.02)**	$ (0.08)
Weighted average number of common shares outstanding	**64,660,100**	22,309,579

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

Cascada Silver Corp.
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Share Capital	Contributed Surplus	Warrants	Special Warrants	Accumulated Other Comprehensive Income	Deficit	Total
Balance, August 25, 2020 (Incorporation)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Common shares issued for cash (note 9)	178,101	-	-	-	-	-	178,101
Proceeds on special warrants (note 9)	-	-	-	4,489,000	-	-	4,489,000
Special warrants issuance costs	-	-	-	(441,817)	-	-	(441,817)
Special warrants converted	4,039,883	-	-	(4,039,883)	-	-	-
Warrant valuation	(2,687,300)	-	2,694,600	(7,300)	-	-	-
Issuance costs	(223,162)	-	-	-	-	-	(223,162)
Share-based payments	-	174,200	-	-	-	-	174,200
Net loss for the period	-	-	-	-	27,700	(1,883,835)	(1,856,135)
Balance, June 30, 2021	**1,307,522**	**174,200**	**2,694,600**	**-**	**27,700**	**(1,883,835)**	**2,320,187**
Share-based payements (note 9)	-	57,300	-	-	-	-	57,300
Options expired	-	(6,400)	-	-	-	6,400	-
Net loss for the year	-	-	-	-	-	(1,074,602)	(1,074,602)
Balance, June 30, 2022	**$ 1,307,522**	**$ 225,100**	**$ 2,694,600**	**$ -**	**$ 27,700**	**$ (2,952,037)**	**$ 1,302,885**

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

Cascada Silver Corp.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

	Year Ended June 30, 2022	Period from August 25, 2020 (Incorporation) to June 30, 2021
Operating activities		
Net loss for the	**$ (1,074,602)**	$ (1,883,835)
Adjustments for:		
Write-off of exploration and evaluation assets	**-**	1,104,770
Write-off of IVA receivable	**-**	63,377
Share-based payments	**57,300**	174,200
Changes in non-cash working capital items:		
Account receivable and HST receivable	**50,806**	(114,183)
Prepaid expenses	**45,663**	(65,000)
Accounts payable and accrued liabilities	**(189,242)**	322,611
Net cash used in operating activities	**(1,110,075)**	(398,060)
Investing activities		
Exploration and evaluation assets	**-**	(1,104,770)
Net cash used in investing activities	**-**	(1,104,770)
Financing activities		
Issuance of common shares for cash	**-**	178,101
Issuance of special warrants for cash, net of issuance costs	**-**	4,489,000
Share issuance costs	**-**	(664,979)
Net cash provided by financing activities	**-**	4,002,122
Net change in cash	**(1,110,075)**	2,499,292
Effect of exchange rate changes on cash	**-**	27,700
Cash, beginning of year	**2,526,992**	-
Cash, end of year	**$ 1,416,917**	$ 2,526,992

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

1. Corporate Information and Nature of Operations

Cascada Silver Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on August 25, 2020. On October 2, 2020, the Company continued its incorporation to the province of British Columbia. The Company is in the business of exploration and evaluation of mineral properties in South America. The Company has one 100% owned Chilean subsidiary, Atacama Silver SpA. The address of the Company's corporate office and principal place of business is 25 Adelaide Street East, Suite 1900, Toronto, Ontario, Canada.

The Company's common shares began trading on the Canadian Securities Exchange ("CSE") on March 12, 2021 under the symbol "CSS".

2. Going Concern

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of $2,952,037 as at June 30, 2022. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management will pursue funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis.

In March 2020, the COVID-19 outbreak was declared a global 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.

3. Basis of Presentation and Statement of Compliance

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (IFRIC"). The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

The consolidated financial statements for the year ended June 30, 2022 were reviewed and authorized for issue by the Board of Directors on October 28, 2022.

3. Basis of Presentation and Statement of Compliance (Continued)

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars, which is the parent company's functional currency. The functional currency of the subsidiary is the US dollar.

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

4. Summary of Significant Accounting Policies

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned Chilean subsidiary, Atacama Silver SpA.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtained control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effect date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates. The functional and presentation currency, as determined by management, of the Company is the Canadian dollar.

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

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

4. Summary of Significant Accounting Policies (continued)

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activities.

Acquisition costs and exploration and evaluation expenditures are capitalized until the technical feasibility and commercial viability of the exploration properties is determined. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

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 expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists 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.

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

Income taxes

<u>Current income tax:</u>

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

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

<u>Deferred income tax:</u>

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

4. Summary of Significant Accounting Policies (continued)

Deferred income tax: (Continued)

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

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

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Financial instruments

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.

The Company classifies its financial instruments as follows:

Cash	Amortized cost
Accounts receivable and accrued receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

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

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

4. Summary of Significant Accounting Policies (continued)

Financial instrument (continued)

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (“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 recognised 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 recognised in OCI and are never reclassified to profit or loss.

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

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

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Accounting standards issued but not yet effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

5. Significant Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include:

- Valuation of stock options and warrants
- Deferred tax assets and liabilities
- Recoverable amount of its exploration and evaluation assets

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

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

6. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon securing additional financing.

The Company considers its capital to be equity which at June 30, 2022, totaled $1,302,885. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the year ended June 30, 2022 and the period from August 25, 2020 (incorporation) to June 30, 2021. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

7. Financial Risk Management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is limited to its cash. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2022, the Company had cash of $1,416,917 to settle current liabilities of $133,369. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) 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 quoted prices.

(a) Interest rate risk

The Company has $1,416,917 cash balances and no interest-bearing debt and was not exposed to interest rate risk. As a result, the Company's exposure to interest rate risk is minimal.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the loss.

(c) Price risk

The ability of the Company to acquire new properties and the future profitability of the Company is directly related to the market price of certain minerals. The Company's risk management objectives are to ensure that business and financial exposures to risk that have been identified and measured are minimized using the most effective and efficient methods to reduce, transfer and, when possible, eliminate such exposures. Operating decisions contemplate associated risks and management strives to structure proposed transactions to avoid or reduce risk whenever possible.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period.
(i) The company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts payable and accrued liabilities, that are denominated in USD. As at June 30, 2022, had USD weakened/strengthened by plus or minus 5% against the CAD with all other variables held constant, the Company's consolidated other Comprehensive loss for the year ended June 30, 2022 would have been approximately $70,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at June 30, 2022, shareholders' equity would have been approximately $70,000 higher/lower had the USD weakened/strengthened by 5% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

8. Exploration and Evaluation Assets

The Company's exploration and evaluation asset activities were as follows:

	Agua Amarga Project	Gema Concessions	Total
Balance, August 25, 2020	$ -	$ -	$ -
Acquisition costs	52,120	82,739	134,859
Field exploration	579,970	254,081	834,051
Other exploration costs	98,891	64,522	163,413
Foreign exchange differences	(16,993)	(10,560)	(27,553)
Impairment	(713,988)	(390,782)	(1,104,770)
Balance, June 30, 2021 and June 30, 2022	**$ -**	**$ -**	**$ -**

Agua Amarga Project

On September 30, 2020, the Company, through its wholly-owned Chilean subsidiary, entered into an option agreement with Aragonita Asesorias Ltda. ("Aragonita"), an arm's length Chilean company, to acquire a 100% interest in the Agua Amarga Project, covering a total area of 1,465 hectares located in Region III, Chile.

During the period ended June 30, 2021, the Company assessed the carrying value of this project, and wrote off the entire carrying value of $713,988. In September 2021, the Company terminated the option agreement with Aragonita.

Gema Concessions

On September 30, 2020, the Company, through its wholly-owned Chilean subsidiary, entered into an assignment agreement with SBX Asesorías e Inversiones Limitada, an arm's length Chilean company ("SBX"), to acquire a 100% interest in the Gema concessions, located in Region III, Chile. The Gema concessions included three projects, Marilin, El Gringo and Guanaca, that were originally optioned to SBX by arm's length Chile optionors.

During the period ended June 30, 2021, the Company assessed the carrying value of this project, and wrote off the entire carrying value of $390,782. In September 2021, the Company terminated the option agreements on the Gema concessions.

Expressed in Canadian Dollars

9. Share Capital

(a) Authorized share capital

Unlimited number of common shares without par value.

(b) Issued

	Number of shares	Share capital
Balance, August 25, 2020 (Incorporation)	-	$ -
Common shares issued for cash (i)(ii)(iii)	15,281,100	178,101
Share issue costs	-	(223,162)
Special warrants converted	49,379,000	4,039,883
Warrant valuation (ii)(iii)	-	(2,687,300)
Balance, June 30, 2021 and June 30, 2022	64,660,100	$ 1,307,522

(i) The Company was incorporated by issuing 100 common shares for $1.

(ii) On October 13, 2020, the Company issued 15,000,000 units ("Units") at $0.01 per Unit for gross proceeds of $150,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share until March 11, 2024. The Company’s key management subscribed for 3,550,000 Units in the financing.

The 15,000,000 warrants issued were determined to have a fair value of $29,500 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following market assumptions: expected dividend yield 0%, risk free rate of 0.24%, expected life of 3.2 years and expected volatility of 100%.

(iii) On March 12, 2021, the Company issued 281,000 units ("IPO Units") at $0.10 per IPO Unit for gross proceeds of $28,100. Each IPO Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share at any time up to March 11, 2024.

The 281,000 warrants issued were determined to have a fair value of $8,900 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following market assumptions: expected dividend yield 0%, risk free rate of 0.55%, expected life of 3 years and expected volatility of 100%.

(c) Special warrants

On October 15, 2020 the Company issued 44,890,000 special warrants ("Special Warrants") at $0.10 per Special Warrant for gross proceeds of $4,489,000. Each Special Warrant was exercisable for one unit (“SW Unit”) consisting of one common share and one common share purchase warrant ("SW Warrant"). Each SW Warrant entitled the holder to purchase one common share at an exercise price of $0.15 per common share at any time until March 11, 2024. In the event that the listing and posting for trading on a recognized Canadian exchange was not completed by February 12, 2021, each Special Warrant was entitled to receive, at no additional consideration, one-and-one-tenth SW Units (instead of one SW Unit). The Company incurred $441,817 of cash issuance costs and issued 3,591,200 broker warrants. Each broker warrant entitled the agent to purchase one SW Unit at a price $0.10 per SW Unit until September 11, 2022. The broker warrants expired unexercised.

Expressed in Canadian Dollars

9. Share Capital (continued)

(c) Special warrants (continued)

The 3,591,200 broker warrants were determined to have a fair value of $7,300 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following market assumptions: expected dividend yield 0%, risk free rate of 0.23%, expected life of 3.7 years and expected volatility of 100%.

The Company's common shares were not listed and posted for trading on a recognized Canadian exchange by February 12, 2021. As a result, each Special Warrant holder was entitled to receive, at no additional consideration, one and-one-tenth SW Units (instead of one SW Unit) when exercised. On March 12, 2021, the Company's common shares began trading on the CSE and the 44,890,000 Special Warrants were converted into 49,379,000 SW Units. The 49,379,000 SW Warrants were determined to have a fair value of $2,648,900 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following market assumptions: expected dividend yield 0%, risk free rate of 0.55%, expected life of 3 years and expected volatility of 100%.

(d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, August 25, 2020 (Incorporation)	-	$ -
Issued	64,660,000	0.15
Balance, June 30, 2021 and June 30, 2022	64,660,000	$ 0.15

The following table reflects the warrants outstanding as of June 30, 2022:

Expiry date	Number of warrants outstanding	Exercise price ($)	Remaining life (years)
March 11, 2024	64,660,000	0.15	1.70

(e) Broker warrants

Broker warrant transactions and the number of broker warrants outstanding are summarized as follows:

	Number of broker warrants	Weighted average exercise price
Balance, August 25, 2020	-	$ -
Issued	3,591,200	0.10
Balance, June 30, 2021 and June 30, 2022	3,591,200	$ 0.10

Expressed in Canadian Dollars

9. Share Capital (continued)

(e) Broker warrants (continued)

The following table reflects the broker warrants outstanding as of June 30, 2022:

Expiry date	Number of broker warrants outstanding	Exercise price ($)	Remaining life (years)
September 11, 2022	3,591,200	0.10	0.20

The broker warrants expired unexercised.

(f) Stock options

A summary of changes in the Company's stock options is presented below:

	Number of stock options	Weighted average exercise price
Balance, August 25, 2020	-	$ -
Granted	3,925,000	0.15
Balance, June 30, 2021	3,925,000	0.15
Granted	2,225,000	0.05
Expired	(300,000)	0.15
Balance, June 30, 2022	5,850,000	$ 0.11

On March 30, 2021, the Company granted 300,000 stock options to a consultant of the Company. Each option entitles the holder to acquire one common share at an exercise price of $0.15 until 30 days after the termination of an investor relations agreement and vests immediately. The options issued were determined to have a fair value of $6,400 at the time of grant as estimated using the Black-Scholes option pricing model using the following market assumptions: expected dividend yield 0%, risk free rate of 0.23%, expected life of 1 year and expected volatility of 100%. These options expired on December 15, 2021.

On March 30, 2021, the Company granted 3,625,000 stock options to directors, officers and consultants of the Company. Each option entitles the holder to acquire one common share at an exercise price of $0.15 until March 31, 2024 and vests immediately. The options issued were determined to have a fair value of $167,800 at the time of grant as estimated using the Black-Scholes option pricing model using the following market assumptions: expected dividend yield 0%, risk free rate of 0.49%, expected life of 3 years and expected volatility of 100%.

On October 15, 2021, the Company granted 2,225,000 stock options to directors, officers and consultants of the Company. Each option entitles the holder to acquire one common share at an exercise price of $0.05 until October 15, 2024 and vests immediately. The options issued were determined to have a fair value of $57,300 at the time of grant as estimated using the Black-Scholes option pricing model using the following market assumptions: expected dividend yield 0%, risk free rate of 0.88%, expected life of 3 years and expected volatility of 140%.

Expressed in Canadian Dollars

9. Share Capital (continued)

(f) Stock options (continued)

The following table reflects the stock options outstanding as of June 30, 2022:

Expiry date	Number of options outstanding	Exercise price ($)	Remaining life (years)
March 31, 2024	3,625,000	0.15	1.75
October 15, 2024	2,225,000	0.05	2.30
	5,850,000	0.11	1.96

10. Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel include directors and officers.

During the year ended June 30, 2022, consulting fees of $138,995 (June 30, 2021 - $32,570) were paid to 2208932 Ontario Inc., a Company controlled by the Company's Chief Financial Officer. As at June 30, 2022, $10,000 (June 30, 2021 - $nil) was included in accounts payable and accrued liabilities with respect to these fees.

During the year ended June 30, 2022, consulting fees of $180,329 (June 30, 2021 - $50,094) were paid to Swansea Holdings Inc., a Company controlled by the Company's Chief Executive Officer. As at June 30, 2022, $15,000 (June 30, 2021 - $nil) was included in accounts payable and accrued liabilities with respect to these fees.

During the year ended June 30, 2022, accounting fees of $20,665 (June 30, 2021 - $nil) were paid to Marrelli Support Services Inc., a Company which a director of the Company is President. As at June 30, 2022, $15,000 (June 30, 2021 - $nil) was included in accounts payable and accrued liabilities with respect to these fees.

During the year ended June 30, 2022, share-based payments to key management personnel totaled $36,054 (June 30, 2021 - $92,579).

Expressed in Canadian Dollars

11. Income taxes

The Company's provision for income taxes differ from the amounts computed by appying the basic current rate of 27% for British Columbia and 25% for Chile to the loss for the year before taxes as shown in the following table at June 30:

	2022	2021
Loss before recovery of income taxes	$ (1,074,602)	$ (1,883,835)
Expected tax (recovery) expense at 26.5%	(281,047)	(487,675)
Increase (decrease) to the income tax benefit resulting from:		
Shared based compensation	4,098	368,925
Share issue costs	(12,051)	(12,051)
Share issuance costs reported in equity	-	(48,203)
Mineral property interest originally capitalized	-	(277,899)
Change in deferred asset not recognized	289,000	456,903
Income tax (recovery) expense	$ -	$ -

Defered Income Taxes:

Mineral property interests	$ 366,299	$ 277,899
Non-capital losses carried forward	343,453	130,801
Share issuance costs	36,152	48,203
Deferred tax asset (liability)	745,904	456,903
Less: deferred tax asset not recognized	(745,904)	(456,903)
Total unrecognized deferred tax assets		$ -

Certain deferred assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can utilize the benefit therefrom.

The Company's carryforward of non-capital losses at June 30, 2022 was $1,278,236.

12. Commitments and Contingencies

(i) On January 1, 2022, the Company entered into an agreement with Swansea Holdings Inc. for the services of the Chief Executive Officer. The Company will pay on a monthly basis, a management fee of $20,833 to Swansea Holdings Inc. for consulting services. Swansea Holdings Inc. agrees from January 1, 2022 to reduce the monthly base fee to $15,000 until December 31, 2022.

(ii) On January 1, 2022, the Company entered into an agreement with SBX for geological management services. The Company will pay on a monthly basis, a management fee to SBX for consulting services. SBX agrees to reduce the monthly base fee to $15,000 until December 31, 2022.

(iii) On January 1, 2022, the Company entered into an agreement with 2208932 Ontario Inc. for the services of the Chief Financial Officer. The Company will pay on a monthly basis, a management fee of $20,833 to 2208932 Ontario Inc. for consulting services. 2208932 Ontario Inc. agrees to reduce the monthly base Fee to $10,000 until December 31, 2022.

Expressed in Canadian Dollars

13. Segmented Information

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Company's CEO as he is primarily responsible for the allocation of resources and the assessment of performance. The CODM uses net (loss) income, as reviewed at periodic business review meetings, as the key measure of the Company's results as it reflects the Company's underlying performance for the period under evaluation. The CODM's primary focus for review and resource allocation is the Company as a whole and not any component part of the business. Having considered these factors, management has judged that the Company comprises two operating segments under IFRS 8. As such, the disclosures required under IFRS 8 for the consolidated financial statements are shown on the face of the consolidated statement of loss and comprehensive loss and consolidated statement of financial position.

June 30, 2022	Canada	Chile	Total
Assets	$ 1,429,259	$ 6,995	**$ 1,436,254**
Liabilities	$ (128,847)	$ (4,523)	**$ (133,370)**
Net Loss	$ (619,841)	$ (454,761)	**$ (1,074,602)**

June 30, 2021	Canada	Chile	Total
Assets	$ 2,281,917	$ 360,881	**$ 2,642,798**
Liabilities	$ (17,143)	$ (305,468)	**$ (322,611)**
Net Loss	$ (837,809)	$ (1,046,026)	**$ (1,883,835)**