LIBERO COPPER & GOLD CORPORATION

Consolidated financial statements

For the years ended December 31, 2021 and 2020

Independent auditor's report

To the Shareholders of Libero Copper & Gold Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Libero Copper & Gold Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

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

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

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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2022

LIBERO COPPER & GOLD CORPORATION
Consolidated statements of financial position
(expressed in Canadian dollars)

As at	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,397,568	$ 891,798
Restricted cash		50,000	-
Amounts receivable		362,763	64,672
Prepaid expenses		211,769	49,544
		4,022,100	**1,006,014**
Non-current assets			
Property, plant and equipment	4	395,058	273,287
Mineral properties	5	1,971,564	1,444,148
Investments	6	1,000,000	-
Other receivables	7	88,081	72,081
		3,454,703	**1,789,516**
Total assets		**$ 7,476,803**	**$ 2,795,530**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 709,466	$ 247,606
Flow-through share premium liability	11	-	132,436
Current portion of lease liability	9	82,173	72,940
		791,639	**452,982**
Non-current liabilities			
Lease liability	9	111,463	193,615
		111,463	**193,615**
Total liabilities		**903,102**	**646,597**
SHAREHOLDERS' EQUITY			
Share capital	10	25,527,872	13,633,487
Contributed surplus		6,319,734	3,655,856
Accumulated other comprehensive income		5,696	-
Deficit		(25,279,601)	(15,140,410)
Total shareholders' equity		**6,573,701**	**2,148,933**
Total liabilities and shareholders' equity		**$ 7,476,803**	**$ 2,795,530**
Nature of Operations	1		
Subsequent events	18		

On behalf of the Board of Directors:

(signed) "Jay Sujir"	(signed) "Ian Slater"
Director	Director

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

LIBERO COPPER & GOLD CORPORATION
Consolidated statements of loss and comprehensive loss
(expressed in Canadian dollars)

For the year ended	Notes	December 31, 2021	December 31, 2020
EXPENSES			
Exploration	5	$ 7,998,965	$ 4,045,354
Investor relations		1,177,219	1,030,177
Share-based compensation	10(c)	973,754	279,283
General and administration		399,646	292,237
Professional fees		308,295	112,935
Salaries and benefits		314,267	261,272
Depreciation	4	98,225	84,393
Project evaluations		90,498	18,694
Total expenses		**11,360,869**	**6,124,345**
OTHER (INCOME) EXPENSES			
Gain on sale of subsidiary	6	(609,697)	-
Gain on marketable securities	17(b)	(96,441)	-
Foreign exchange (gain) loss		(37,807)	11,294
Interest and other expense		18,339	16,095
Loss before income taxes		10,635,263	6,151,734
Deferred income tax recovery	12	(496,072)	(662,113)
Net loss for the year		**10,139,191**	**5,489,621**
Other comprehensive income			
Foreign currency translation difference for foreign operations		(5,696)	-
Total comprehensive loss for the year		$ **10,133,495**	$ **5,489,621**
Basic and diluted loss per share		$ 0.23	$ 0.25
Weighted average number of common shares outstanding		43,810,334	24,565,661

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

LIBERO COPPER & GOLD CORPORATION
Consolidated statements of changes in equity
(expressed in Canadian dollars)

	Notes	Number of shares		Share capital		Contributed surplus		Accumulated other comprehensive income	Deficit		Total
Balance, December 31, 2019		**18,652,277**	$	**9,406,458**	$	**2,008,078**	$	--	**(9,650,789)**	$	**1,763,747**
Private placement, gross proceeds	10(a), (b)	10,626,406		5,214,537		1,430,063		-	-		6,644,600
Share issue costs	10(a),(b)	-		(464,327)		-					(464,327)
Flow-through share premium liability	11, 12	-		(794,549)		-		-	-		(794,549)
Shares issued for mineral property acquisition, net of share issue costs	10(a)	40,000		19,800		-		-	-		19,800
Share-based compensation	10(c)	-		-		279,283		-	-		279,283
Share purchase options exercised	10(c)	95,000		70,153		(30,153)		-			40,000
Warrants exercised	10(b)	270,000		181,415		(31,415)		-			150,000
Total comprehensive loss		-		-		-		-	(5,489,621)		(5,489,621)
Balance, December 31, 2020		**29,683,683**	$	**13,633,487**	$	**3,655,856**	**$**	**-**	**(15,140,410)**	$	**2,148,933**
Private placement, gross proceeds	10(a),(b)	22,964,130		9,371,979		2,428,021		-	-		11,800,000
Share issue costs				(503,048)		30,294		-	-		(472,754)
Flow-through share premium liability	11	-		(363,636)		-		-	-		(363,636)
Shares issued for mineral property acquisition, net of share issue costs	10(a)	60,000		28,275		-		-	-		28,275
Share-based compensation	10(c)	-				973,754		-	-		973,754
Share purchase options exercised	10(c)	550,000		408,883		(183,759)		-	-		225,124
Warrants exercised	10(b)	3,190,000		2,951,932		(584,432)		-	-		2,367,500
Foreign exchange translation								5,696	-		5,696
Total comprehensive loss				-		-		-	(10,139,191)		(10,139,191)
Balance, December 31, 2021		**56,447,813**	$	**25,527,872**	$	**6,319,734**	$	**5,696**	**(25,279,601)**	$	**6,573,701**

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

LIBERO COPPER & GOLD CORPORATION
Consolidated statements of cash flows
(expressed in Canadian dollars)

For the year ended	Notes	December 31, 2021	December 31, 2020
OPERATING ACTIVITIES			
Net loss for the year		$ **(10,139,191)**	$ **(5,489,621)**
Adjustments for items not involving cash:			
Share-based compensation	10(c)	973,754	279,283
Depreciation	4	98,225	84,393
Interest expense, net		18,682	16,095
Foreign exchange loss (gain)		(42,240)	9,919
Gain on sale of subsidiary	6	(609,697)	-
Deferred income tax recovery	11	(496,072)	(662,113)
		(10,196,539)	**(5,762,044)**
Net changes in non-cash working capital items:			
Amounts receivable		(297,898)	44,861
Prepaid expenses		(173,293)	40,064
Accounts payable and accrued liabilities		513,552	94,630
Net cash outflows from operating activities		**(10,154,178)**	**(5,582,489)**
FINANCING ACTIVITIES			
Issuance of units, shares and warrants,	10(a),(b)	11,800,000	6,644,600
Share issue costs		(472,754)	(464,327)
Proceeds from exercise of warrants and share purchase options	10(b),(c)	2,592,624	190,000
Cash principal and interest payments of lease liability	9	(104,516)	(91,410)
Net cash inflows from financing activities		**13,815,354**	**6,278,863**
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	5	(58,898)	-
Purchase of property, plant and equipment	4	(199,442)	(663)
Reclamation bond	7	(32,000)	(15,000)
Acquisition of mineral properties		(819,499)	(92,592)
Restricted cash		(50,000)	-
Net cash outflows from investing activities		**(1,159,839)**	**(108,255)**
Net foreign exchange differences		4,433	1,375
Net increase (decrease) in cash and cash equivalents		**2,505,770**	**589,494**
Cash and cash equivalents, beginning of the year		891,798	302,304
Cash and cash equivalents, end of the year		$ **3,397,568**	$ **891,798**

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

1. NATURE OF OPERATIONS

Libero Copper & Gold Corporation ("Libero" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 5, 2008.

The address and domicile of the Company's registered office and its principal place of business is Suite 905 - 1111 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2JE. The Company is engaged in the acquisition and exploration of mineral properties.

The Company is in the process of exploring and evaluating its mineral property assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and continuance of operations is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and maintain sufficient working capital, and upon future production or proceeds from the disposition thereof.

The Company's operations to date have been financed by issuing common shares. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing (note 17).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. ("IFRS"). The consolidated financial statements have been prepared using the accounting policies set out in note 3.

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

The consolidated financial statements of the Company for the year ended December 31, 2021, were authorized for issue by the Board of Directors on April 29, 2022.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries:

- Libero Resources Limited, a company incorporated in the British Virgin Islands, and its 100% owned subsidiary Libero Cobre Ltd., a company incorporated in the British Virgin Islands, which holds the Mocoa porphyry copper-molybdenum deposit in Colombia.
- Libero Esperanza Ltd., a company incorporated in the British Virgin Islands, which holds the Esperanza porphyry copper-gold project in Argentina.

In January 2021, the Company closed a transaction with Zacapa Resources Ltd. ("Zacapa"), to sell Libero Mining Limited, ("LML") (see note 5 and note 6). Prior to the transaction, LML was a wholly owned subsidiary of the Company and was included in the consolidated financial statements.

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from the Company's involvement with the entity and has the ability to affect those returns through the Company's power over the entity.

3. SIGNIFICANT ACCOUNTING POLICIES

The results of a subsidiary are included in the consolidated financial statements from the date that control commences until the date the control ceases. All intercompany transactions and balances have been eliminated.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

a) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and most of its subsidiaries is the Canadian dollar. Libero Esperanza Ltd, the Company's wholly-owned subsidiary in Argentina, ("LEL") uses the United States dollar as its functional currency. The consolidated financial statements are presented in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss.

b) Property, plant and equipment

Items of equipment are initially recognized at cost. All items of equipment are subsequently carried at depreciated cost less impairment losses, if any.

Depreciation is provided on all items of equipment to write off the carrying value of items over their expected useful lives. It is applied using the declining balance method at the following rates:

- Computer Hardware – 30% per annum
- Software – 100% per annum
- Field Equipment – 30% per annum
- Office Equipment – 20% per annum
- Vehicles – 30% per annum
- Right of Use – straight-line per annum

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

c) Mineral properties

The Company defers the cost of acquiring and maintaining its interest in mineral properties until the properties are placed into production, abandoned, sold or considered to be impaired in value. Other exploration and evaluation expenditures are expensed as incurred until the technical feasibility and commercial viability of the project can be established, after which such costs will be capitalized as mineral property development costs within property, plant and equipment. The carrying value will be amortized on a units of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in exploration and evaluation stage mineral properties are credited to the carrying value of the assets, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring its mineral properties and has not yet determined the existence of reserves. Management reviews the carrying value of mineral properties every quarter for impairment indicators. For exploration and evaluation assets, these indicators include the current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of profitable revenues

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from the property or from the sale of the assets. Amounts shown for mineral properties represent costs incurred net of any write-downs and recoveries and are not intended to represent present or future values.

d) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of (i) an assets or cash-generating unit's (CGU) fair value less costs to sell and (ii) its value in use, determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

e) Financial instruments

Financial instruments – Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in earnings or loss or other comprehensive income or loss. For investments in debt instruments, this will depend on the business model for which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities are classified at initial recognition as either: measured at amortized cost or FVTPL.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in earnings or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

Financial assets – Measurement (continued)

- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in earnings or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings or loss and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange (loss) gain and impairment expenses in other expenses.
- FVTPL – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings or loss and presented net in the statement of earnings (loss) within other gains (losses) in the period in which it arises.

Changes in the fair value of financial assets at FVTPL are recognized in loss on financial instruments at fair value in the statement of earnings (loss) as applicable.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with any debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities - Measurement

Accounts payable and accrued liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method.

f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Leases (continued)

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

g) Taxation

Tax expense recognized in comprehensive loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the carrying amounts of assets and liabilities and their tax bases.

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

Deferred tax liabilities are recognized for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and any unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax expense in net loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Flow-through shares

The Company may, from time to time, issue flow-through common shares or units to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements and the Income Tax Act (Canada) (the "ITA"), these equity instruments transfer the tax deductibility of qualifying resource expenditures to investors.

Upon the issuance of a flow-through share, the Company bifurcates the flow-through share into i) fair value of capital stock issued, based on market price at time of issuance, and ii) the residual as a flow-through share premium, which is recognized as a liability. Upon the issuance of a flow-through unit, the Company bifurcates the flow-through unit into i) relative fair value of capital stock issued, ii) relative fair value of a warrant, and iii) the residual as a flow-through share premium, which is recognized as a liability.

Upon incurring qualifying expenses, the Company derecognizes the related portion of the low-through share premium liability and recognizes a credit to deferred income tax expense (recovery). Proceeds received from the issuance of flow-through shares are to be used for Canadian resource property exploration expenditures within a certain time period as prescribed by the Government of Canada's flow-through regulations, as contained in the ITA. The portion of the proceeds received but not yet expended at the end of the Company's relevant reporting period is disclosed separately in the notes to the consolidated financial statements as flow-through expenditure commitments. The Company is also subject to Part XII.6 of the ITA, which imposes a tax on flow-through proceeds renounced under the "Look-back Rule", in accordance with the Government of Canada's flow-through regulations. When applicable, this tax is accrued until paid.

i) Share-based compensation

The Company grants share purchase options as an element of compensation. For share purchase options granted by the Company, the cost of the service received is measured based on an estimate of the fair value at the date of grant. The grant-date fair value is recognized as compensation expense over the vesting period with a corresponding increase in contributed surplus. On the exercise of share purchase options, consideration received, together with the compensation expense previously recorded to contributed surplus, is credited to share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of each share purchase option tranche at the date of grant.

j) Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. The Company uses the treasury share method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

k) Accounting policy judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Information about significant accounting policy judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

(expressed in Canadian dollars, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Management judgments and key sources of estimation uncertainty (continued)

Impairment

The Company's assets are reviewed for the indication of impairment at each reporting date in accordance with IFRS 6 - Exploration for and evaluation of mineral resources.

Management applies judgment in evaluating if impairment indicators are considered to exist. Factors considered include if (i) the right to explore the area has expired or will expire in the near future with no expectation of renewal; (ii) Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted; (iii) No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and (iv) Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Management has assessed its exploration and evaluation assets for impairment as of December 31, 2021 and has determined that there are no indications of impairment.

4. PROPERTY, PLANT AND EQUIPMENT

	Office lease (note 9)	Leasehold improvements	Office equipment	Machinery and equipment	Computer hardware	Total
Cost						
Balance, January 1, 2020	$ **313,605**	$ **20,378**	$ **6,617**	$ **-**	$ **-**	$ **340,600**
Additions	73,171	-	663	-	-	73,834
Balance, December 31, 2020	$ **386,776**	$ **20,378**	$ **7,280**	$ -	$ -	$ **414,434**
Additions	21,663	5,448	3,342	175,321	15,333	221,107
Disposals	(1,111)	-	-	-	-	(1,111)
Balance, December 31, 2021	$ **407,328**	$ **25,826**	$ **10,622**	$ **175,321**	$ **15,333**	**634,430**
Accumulated depreciation						
Balance, January 1, 2020	$ **(52,267)**	$ **(3,937)**	$ **(550)**	$ **-**	$ **-**	**(56,754)**
Depreciation	(79,604)	(3,955)	(834)	-	-	(84,393)
Balance, December 31, 2020	$ **(131,871)**	$ **(7,892)**	$ **(1,384)**	-	-	$ **(141,147)**
Depreciation	(87,794)	(4,374)	(868)	(4,419)	(770)	(98,225)
Balance, December 31, 2021	$ **(219,665)**	$ **(12,266)**	$ **(2,252)**	$ **(4,419)**	$ **(770)**	$ **(239,372)**
Net book value, December 31, 2021	$ **187,663**	$ **13,560**	$ **8,370**	$ **170,902**	$ **14,563**	$ **395,058**
Net book value, December 31, 2020	$ **254,905**	$ **12,486**	$ **5,896**	$ **-**	$ **-**	$ **273,287**
Net book value, December 31, 2019	$ **261,338**	$ **16,441**	$ **6,067**	$ **-**	$ **-**	$ **283,846**

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES

Mineral properties consist of all direct costs, including option payments and transaction costs, incurred by the Company to acquire its mineral properties and to maintain its rights. Mineral properties balances changed during the year ended December 31, 2021, as follows:

	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Balance, December 31, 2019	$ **931,107**	$ **329,683**	$ **78,080**	$ **-**	$ **-**	$ **1,338,870**
Acquisition	-	55,278	50,000	-	-	105,278
Balance, December 31, 2020	$ **931,107**	$ **384,961**	$ **128,080**	$ **-**	$ **-**	$ **1,444,148**
Acquisition	39,281	-	68,500	177,916	626,680	912,377
Sale of subsidiary	-	(384,961)	-	-	-	(384,961)
Balance, December 31, 2021	$ **970,388**	$ **-**	$ **196,580**	$ **177,916**	$ **626,680**	$ **1,971,564**

Mocoa Porphyry Copper-Molybdenum Deposit

In June 2018, the Company acquired 100% of the Mocoa porphyry copper-molybdenum deposit (“Mocoa”) in Colombia from B2 Gold Corp., in return for the issuance of 2,080,000 common shares of the Company and a 2% net smelter return royalty (“NSR royalty”).

Tomichi Porphyry Copper-Molybdenum Deposit

In December 2016, the Company entered into an option agreement to purchase the Tomichi porphyry copper-molybdenum deposit (“Tomichi”) in Colorado which agreement was amended on July 27, 2020. The Company incurred a total of $384,961 of acquisition costs to December 31, 2020. In January 2021, the Company closed a transaction with Zacapa Resources Ltd. (“Zacapa”, a Canadian private company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which held the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company.

Big Red Porphyry Gold-Copper Property

In February 2019, the Company closed an option agreement to acquire 100% of the Big Red porphyry gold-copper property in the Golden Triangle in British Columbia, Canada (“Big Red”), and incurred a total of $196,580 of acquisition costs as at December 31, 2021 (December 31, 2020: $128,080). The Company, at its option, may acquire 100% of Big Red in return for the issuance of 400,000 common shares of the Company and cash payments of $440,000 over four years (the “Option”) as follows:

- $20,000 and 20,000 common shares on January 25, 2019 *(paid and issued, respectively)*;
- $30,000 and 40,000 common shares on January 25, 2020 *(paid and issued, respectively)*;
- $40,000 and 60,000 common shares on January 25, 2021 *(paid and issued, respectively);*
- $50,000 and 80,000 common shares on January 25, 2022; (subsequent to year-end, *paid and issued, respectively);* and
- $300,000 and 200,000 common shares on January 25, 2023.

The vendors have retained a 1% NSR royalty, 0.5% of which may be repurchased by the Company at any time for $10 million.

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

Big Bulk Porphyry Copper-Gold Property

In January 2021, the Company acquired Big Bulk Resources Corporation, which has the option to acquire 100% of the Big Bulk porphyry copper-gold property in the Golden Triangle in British Columbia, Canada ("Big Bulk"), for $100,000. For accounting purposes, the transaction was treated as an asset acquisition.

Purchase consideration paid:		
Cash	$	100,000
Transaction costs		2,916
Total consideration	$	**102,916**

The purchase consideration has been allocated as follows:		
Cash and cash equivalents	$	44,018
Mineral properties		59,823
Accounts payable and accrued liabilities		(925)
Net assets acquired	$	**102,916**

On May 31, 2021, the Company and its 100% owned subsidiary Big Bulk Resources Corporation, amalgamated.

The Company has a five-year option until December 31, 2025 to acquire 100% of Big Bulk for $1,000,000 in cash or the issuance of common shares of the Company. The Company must incur $750,000 of exploration expenditures (completed) and make the following cash payments of $625,000 over five years in order to maintain its rights under the option agreement:

- $50,000 on October 7, 2020 *(paid by Big Bulk Resources Corporation prior to acquisition by Libero)*;
- $75,000 on December 31, 2021 (paid);
- $100,000 on December 31, 2022;
- $150,000 on December 31, 2023; and
- $250,000 on December 31, 2024.

The vendors have retained a 0.5% NSR, 50% of which may be repurchased by the Company for $100,000. In addition, Sandstorm Gold Ltd. is entitled to a 1.5% NSR, 50% of which may be repurchased by the Company for $1,000,000.

Esperanza Porphyry Copper-Gold Project

In January 2021, the Company entered into an option agreement with Latin Metals Inc. to earn-in to 70% of the Esperanza porphyry copper-gold project ("Esperanza") in San Juan, Argentina which was amended on May 26, 2021. The Company has incurred a total of $620,976 of acquisition costs as at December 31, 2021. The Company must make the following option payments to the original project vendors and incur US $2,000,000 of exploration expenditures in order to maintain its rights under the option agreement:

- US $220,000 on July 14, 2021 *(paid)*;
- US $250,000 on December 15, 2021 (*paid*);
- US $200,000 30 days after a drill permit is issued; No permit has been received to date.
- US $250,000 6 months after a drill permit is issued;
- US $600,000 12 months after a drill permit is issued;
- US $433,000 18 months after a drill permit is issued; and
- US $450,000 24 months after a drill permit is issued.

Drill permitting is on-going. Upon the exercise of the option, the Company and Latin Metals will form a 70/30 joint venture for the continued exploration and development of the project.

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

In November 2021, the Company entered into an option agreement with Golden Arrow Resources to earn-in to 75% of the Huachi claims adjacent to the Esperanza claims. The Company must incur US $1,000,000 of exploration expenditures over four years from the date that a drill permit is received. Upon the exercise of the option, the Company and Golden Arrow Resources will form a 75/25 joint venture for the continued exploration and development of the project.

Exploration

The following is a summary of the Mocoa, Tomichi, Big Red, Big Bulk, and Esperanza exploration expenses for the years ended December 31, 2021 and 2020:

For the year ended December 31, 2021	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Drilling	$ 1,900	$ -	$2,700,127	$ 1,207,487	$ -	$3,909,514
Technical and geological consulting	656,645	-	771,730	258,617	164,288	1,851,280
Geochemical and mapping	10,261	-	1,092,257	216,445	86,622	1,405,585
Field and camp	65,000	31	346,570	50,239	-	461,840
Environmental, social and governance	219,397	-	53,401	1,569	-	274,367
License and permits	67,464	392	2,730	500	-	71,086
Legal and office administration	57,628	-	-	-	-	57,628
Mineral tax recovered	-	-	(32,335)	-	-	(32,335)
Total exploration expenses	**$ 1,078,295**	**$ 423**	**$4,934,480**	**$1,734,857**	**$250,910**	**$7,998,965**

For the year ended December 31, 2020	Mocoa	Tomichi	Big Red	Total
Drilling	$ -	$ -	$ 2,965,331	$ 2,965,331
Geochemical and mapping	-	-	472,402	472,402
Technical and geological consulting	337,465	-	54,572	392,037
License and permits	76,393	11,210	50,038	137,641
Field and camp	35,826	23,517	18,600	77,943
Total exploration expenses	**$ 449,684**	**$ 34,727**	**$ 3,560,943**	**$ 4,045,354**

6. INVESTMENT

In January 2021, the Company closed a transaction with Zacapa Resources Ltd. ("Zacapa"), a Canadian private company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which holds the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company.

The Company measured the Zacapa common shares at fair value at initial recognition which was determined to be $1,000,000 based on the Zacapa share price from a third-party private placement. The Company recorded a gain of $609,697 in the consolidated statements of loss and comprehensive loss on the sale of Libero Mining Limited. As at December 31, 2021, the fair value of Zacapa common shares was consistent with initial recognition. The Company is accounting for its investment in Zacapa at fair value through profit and loss.

(expressed in Canadian dollars, unless otherwise stated)

7. OTHER RECEIVABLES

As at		December 31, 2021		December 31, 2020
Reclamation bond – Big Red	$	60,000	$	44,000
Security deposit – Office Lease		28,081		28,081
Total	$	**88,081**	$	**72,081**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at		December 31, 2021		December 31, 2020
Trade payables	$	288,723	$	107,938
Other accrued liabilities		420,743		139,668
Total	$	**709,466**	$	**247,606**

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On March 1, 2019, the Company entered into a 5 year corporate office lease and recorded a right-of-use asset of $313,605 within property, plant and equipment (note 4) and a corresponding lease liability of $313,605. The incremental borrowing rate for the lease liability recognized as of March 1, 2019 was 6.5%.

During the year ended December 31, 2021, the Company's 100% owned subsidiary in Columbia entered into several leases relating to temporary housing in Mocoa for the Company's contractors working on site during the anticipated 2022 drilling program and recorded a right-of-use asset of $21,663 less disposal of $1,111 within property, plant and equipment (note 4). The Company recorded a corresponding net lease liability of $20,552. The incremental borrowing rate for the lease liability recognized as of December 31, 2021, was 12.5%.

		Lease liability
Balance, December 31, 2019	$	**269,927**
Additions (note 4)		73,171
Cash principal and interest payments		(91,410)
Interest expense		14,867
Balance, December 31, 2020	$	**266,555**
Additions (note 4)		21,663
Disposals (note 4)		(1,111)
Cash principal and interest payments		(104,518)
Interest expense		11,047
Balance, December 31, 2021	$	**193,636**
Current portion of lease liability		82,173
Long-term portion of lease liability	$	**111,463**

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

On February 22, 2021, the Company consolidated all of its outstanding common shares on the basis of five pre-consolidation common shares for one post-consolidation common share resulting in an issued capital of 29,683,683 common shares.

All share information presented in these consolidated financial statements has been adjusted retroactively to reflect the consolidation of all outstanding common shares on the basis of five pre-consolidation common shares for one post-consolidation common share (note 17).

All share, and basic and diluted loss per share information including warrants and options presented in these unaudited condensed interim consolidated financial statements have been adjusted retroactively to reflect the consolidation of all outstanding common shares on the basis of five pre-consolidation common shares for one post-consolidation common share.

On January 6, 2021, the Company issued 60,000 common shares at an estimated fair value of $28,500 ($28,275 net of share issue costs) in accordance with the Big Red option agreement (note 5).

On February 22, 2021, the Company closed a non-brokered private placement consisting of: (i) 6,000,000 units at a price of $0.50 per unit (the "Non-Flow Through (NFT) Unit Offering") and (ii) 7,272,726 units at a price of $0.55 per unit (the "Flow Through (FT) Unit Offering") for aggregate gross proceeds of $7,000,000 ($6,644,632 net of share issue costs). A finder's fee of 6% on a portion of the financing was paid partly in cash and partly by issuing 91,404 NFT units at a price of $0.50 per unit. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of $0.75 per warrant share until February 22, 2023.

If the closing price of the common shares is at a price equal to or greater than $1 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving notice, via a news release, to the holders of the warrants that the warrants will expire on the date that is 30 days after the issuance of said news release.

Common shares issued under the FT Unit Offering qualify as flow-through shares. The gross proceeds from the FT Unit Offering were used to incur 'Canadian exploration expenses' that qualify as 'flow-through mining expenditures' as those terms are defined in the Canadian Income Tax Act which were renounced to the initial purchasers of the flow-through shares (note 11).

On December 1, 2021, the Company closed the first tranche of a non-brokered private placement by issuing 4,000,000 units (the "**Units**"), with each Unit consisting of one common share and one half of one share purchase warrant, at a price of $0.50 per Unit for gross proceeds of $2,000,000. On December 22, 2021, the Company closed the second tranche of the non-brokered private placement by issuing 5,600,000 Units at a price of $0.50 for gross proceeds of $2,800,000. Each full warrant entitles the holder to acquire one common share at a price of $0.75 for a period of 24 months following the closing date of the Offering.

If the closing price of the common shares is at a price equal to or greater than $1 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving notice, via a news release, to the holders of the warrants that the warrants will expire on the date that is 30 days after the issuance of said news release. A finders' fee of $50,100 in cash and 100,200 broker warrants was paid on a portion of the financing.

As at December 31, 2021, the Company had 56,447,813 common shares issued and outstanding

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

b) Warrants

As noted above, on February 22, 2021, 6,682,065 share purchase warrants were issued as part of the private placement of units. Each warrant entitles the holder to acquire one common share at a price of $0.75 per warrant share until February 22, 2023.

On December 1, 2021, 2,000,000 share purchase warrants were issued as part of the private placement of units. Each full warrant entitles the holder to acquire one common share at a price of $0.75 per share until December 1, 2023. As part of the same private placement, 100,200 broker warrants were issued, with each full broker warrant having an exercise price of $0.50 to acquire one common share until December 1, 2023.

On December 22, 2021, 2,800,000 share purchase warrants were issued as part of a private placement of units. Each warrant entitles the holder to acquire one common share at a price of $0.75 per warrant share until December 22, 2023.

During the year ended December 31, 2021, 3,190,000 warrants were exercised at a weighted average exercise price of $0.74 per warrant for total proceeds of $2,367,500 (December 31, 2020, 270,000; $0.56; $150,000), and a further 3,430,000 share purchase warrants at a weighted average exercise price of $0.67 expired unexercised.

Information regarding warrants outstanding at December 31, 2021 and changes for the year is as follows:

	Warrants outstanding		Weighted average exercise price
Outstanding, December 31, 2019	**6,850,000**	$	**0.70**
Issued	8,004,416		0.75
Exercised	(270,000)		0.56
Outstanding, December 31, 2020	**14,584,416**	$	**0.74**
Issued	11,582,265		0.75
Exercised	(3,190,000)		0.74
Expired	(3,430,000)		0.71
Outstanding, December 31, 2021	**19,546,681**	$	**0.75**

As at December 31, 2021, the Company had 19,546,681 warrants outstanding, with an average exercise price of $0.75 and a weighted average remaining life of 1.02 years:

Expiry date	Warrants outstanding		Weighted average exercise price	Weighted average remaining life (years)
March 12, 2022	900,000		0.75	0.19
May 13, 2022	7,064,416		0.75	0.36
February 22, 2023	6,682,065		0.75	1.15
December 1, 2023	2,000,000		0.75	1.92
December 1, 2023	100,200		0.50	1.92
December 22, 2023	2,800,000		0.75	1.98
	19,546,681	$	**0.75**	**1.02**

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

b) Warrants (continued)

The Company has calculated and recorded to contributed surplus the fair value of 11,582,265 (December 31, 2020: 8,004,416) warrants issued of $2,458,315 (December 31, 2020: $1,430,063) based on the relative fair value model with the following weighted average variables:

		December 31, 2021		December 31, 2020
Risk free interest rate		0.54%		0.32%
Expected volatility		126.34		134.56%
Expected life (years)		2		2
Expected dividends (yield)		0%		0%
Fair value per warrant	$	**$0.30**	$	**$0.26**

c) Share Purchase Options

Information regarding share purchase options outstanding at December 31, 2021 and changes for the year is as follows:

	Options outstanding		Weighted average exercise price
Outstanding, December 31, 2019	**1,730,000**	$	0.52
Granted	1,390,000		0.38
Exercised	(95,000)		0.42
Expired	(30,000)		0.75
Outstanding, December 31, 2020	**2,995,000**	$	**0.45**
Granted	3,065,000		0.53
Exercised	(550,000)		0.41
Expired	(355,000)		0.63
Forfeiture	(60,000)		0.43
Outstanding, December 31, 2021	**5,095,000**	$	**0.50**

During the year ended December 31, 2021, 550,000 (December 31, 2020: 95,000) share purchase options were exercised at weighted average exercise price of $0.41 (December 31, 2020: $0.42) per option for total proceeds of $225,125 (December 31, 2020: $40,000). The weighted average market price per share related to these exercises was $0.55.

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

c) Share Purchase Options (continued)

Information regarding share purchase options outstanding and exercisable at December 31, 2021 is as follows:

Expiry date	Options outstanding	Options exercisable		Exercise price	Weighted average remaining life (years)
December 15, 2022	60,000	60,000	$	0.50	0.96
December 11, 2023	680,000	680,000		0.48	1.95
April 5, 2024	200,000	50,000		0.50	2.26
October 2, 2024	250,000	250,000		0.66	2.76
December 17, 2025	1,360,000	1,320,000		0.40	3.96
April 13, 2026	770,000	197,500		0.56	4.28
December 24, 2026	1,775,000	443,750		0.52	4.98
	5,095,000	**3,001,250**	$	**0.50**	**3.93**

During the year ended December 31, 2021, 3,065,000 (December 31, 2020: 1,390,000) share purchase options were granted with a weighted average exercise price of $0.53 (December 31, 2020: $0.38). The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

		December 31, 2021		December 31, 2020
Risk free interest rate		1.07%		0.44%
Expected volatility		117.52%		129.08%
Expected life (years)		5		5
Expected dividends (yield)		0%		0%
Fair value per option	$	**0.41**	$	**0.32**

Share-based compensation expense related to share purchase options for the year ended December 31, 2021, was $973,754 (December 31, 2020: $279,283) and has been recorded in the consolidated statements of comprehensive loss.

(expressed in Canadian dollars, unless otherwise stated)

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability portion of the Company's flow-through share issuances:

		Flow-through share premium liability
Balance, December 31, 2019	$	-
Liability incurred on flow-through shares issued		794,549
Settlement of flow-through share premium liability upon incurring qualifying expenses		(662,113)
Balance, December 31, 2020	$	**132,436**
Liability incurred on flow-through shares issued		363,636
Settlement of flow-through share premium liability upon incurring qualifying expenses		(496,072)
Balance, December 31, 2021	$	-

As at December 31, 2021, the Company incurred a total of $6,669,337 (December 31, 2020: $3,560,943) of exploration expenditures on Big Red and Big Bulk (note 5) of which the $5,059,488 (December 31, 2020: $3,451,305) were flow-through expenditures. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of $496,072 (December 31, 2020: $662,113) in the Company's consolidated financial statements.

12. INCOME TAX

The Company is subject to tax in Canada and Colombia at rates of 27% and 35%, respectively, for the year ended December 31, 2021. The Company had no assessable profit in Canada or Colombia for the year ended December 31, 2021.

Income tax expense (recovery) differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net income (loss) before income tax as follows:

For the year ended		December 31, 2021		December 31, 2020
Net loss for the year	$	(10,635,263)	$	(6,151,734)
Statutory tax rate		27%		27%
Recovery tax at the statutory rate		**(2,871,521)**		**(1,660,968)**
Permanent differences and other		1,562,152		1,012,365
Change in deferred tax assets not recognized		1,470,566		608,491
Foreign exchange		128,703		57,011
Change in prior period estimates		(17,454)		(2,710)
Difference in tax rate of foreign jurisdiction and other		(90,986)		(14,189)
Tax impact of divestitures		(57,566)		-
Change in tax rate		(123,895)		-
Derecognition of flow-through share premium liability		(496,072)		(662,113)
Income tax recovery	**$**	**(496,072)**	$	**(662,113)**

(expressed in Canadian dollars, unless otherwise stated)

12. INCOME TAX (CONTINUED)

The Company's deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are as follows:

For the year ended		December 31, 2021		December 31, 2020
Deductible temporary differences				
Loss carry-forwards	$	12,080,163	$	10,152,630
Mineral properties		3,542,958		973,763
Share issue costs		713,920		402,247
Lease liability		5,974		11,651
Property, plant and equipment		19,714		9,022
Total deductible temporary differences	**$**	**16,362,728**	$	**11,549,313**

The Company has non-capital loss carry-forwards of approximately $12,080,163 (December 31, 2020 $10,152,630), primarily related to Canada, which may be available to offset future income for income tax purposes. The Company recognizes the benefits of tax losses only to the extent of the reversal of taxable temporary differences in relevant jurisdictions within the carry forward period. The available non-capital losses can be carried forward for 20 years in Canada.

13. RELATED PARTY TRANSACTIONS

Key management, directors, and officers received the following salaries and benefits during the year ended December 31, 2021 and 2020:

For the year ended		December 31, 2021		December 31, 2020
Employee salaries and benefits	$	264,492	$	332,232
Share-based compensation		629,377		197,032
	$	**893,869**	$	**529,264**

The following table provides outstanding balances and the total amount of transactions, which have been entered into by the Company with related parties during the year ended December 31, 2021 and 2020:

For the year ended		December 31, 2021		December 31, 2020
Purchases:				
Accounting and legal costs recharged from a company controlled by director Ian Slater	$	195,000	$	180,000
Legal fees to Farris, LLP in which director Jay Sujir is a partner	$	137,661	$	33,304
Geological consulting fees to Serac Exploration Ltd. a company with two common directors, Ian Slater, and Bradley Rourke.	$	285,064	$	-
Amounts owed to:				
Farris, LLP in which director Jay Sujir is a partner	$	107,983	$	2,243
Serac Exploration Ltd. a company with two common directors, Ian Slater, and Bradley Rourke.	$	2,295		-

(expressed in Canadian dollars, unless otherwise stated)

13. RELATED PARTY TRANSACTIONS (CONTINUED)

The amounts owed to directors, officers and companies controlled by directors and officers of the Company is non-interest bearing and due on demand.

14. SEGMENT INFORMATION

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's total assets, total liabilities and net loss are distributed in four geographic regions, Canada, USA, Argentina and Colombia, as follows:

As at December 31, 2021	Canada	USA	Argentina	Colombia	Total
Total assets	$ 5,775,526	$ -	$ 626,681	$ 1,074,596	$ **7,476,803**
Total liabilities	634,713	-	31,245	237,144	**903,102**
Net loss for 2021	$ 8,982,887	$ 466	$ 119,782	$ 1,036,056	$ **10,139,191**

As at December 31, 2020	Canada	USA	Colombia	Total
Total assets	$ 1,376,587	$ 396,431	$ 1,022,512	$ **2,795,530**
Total liabilities	519,409	6,049	121,139	**646,597**
Net loss for 2020	$ 5,004,425	$ 41,335	$ 443,861	$ **5,489,621**

15. COMMITMENTS AND CONTINGENCIES

The Company has to make cash payments in order to maintain the terms of its property option agreements in good standing in the future (Note 5.).

The following is a summary of the commitments:

	Less than 1 year	1 - 5 years	More than 5 years	Total
Office lease	$ 55,284	$ 74,854	$ -	$ **130,138**
Other	25,122	15,851	-	**40,973**
	$ 80,406	$ 90,705	$ -	$ **171,111**

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

16. CAPITAL MANAGEMENT

The Company's capital consists of common shares, contributed surplus, and deficit attributable to shareholders of the Company. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, or issue new shares. In addition, the Company is cognizant of the impact of diluting equity shareholders and so considers this when planning the timing and amount of equity financing or other changes to the group's capital structure.

17. FINANCIAL INSTRUMENTS

The Company's cash and cash equivalents and amounts receivable are financial assets at amortized cost and accounts payable and accrued liabilities are financial liabilities at amortized cost.

a) Fair value

The fair values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments. The Company currently holds the shares in Zacapa at fair value.

b) Marketable securities

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiary.

The Company does not acquire marketable securities or engage in these transactions for speculative purposes but to get a favourable exchange rate for intergroup funding. In this regard, under this strategy, the Company generally uses marketable securities of large and well-established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the market securities occurs over several days, some fluctuations are unavoidable.

As these marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments, between acquisition and disposition, are recognized through profit or loss.

As a result of having utilized this mechanism for intragroup funding for the year ended December 31, 2021, the Company acquired and transferred marketable securities at a cost of $169,022, converting it to $265,606, realizing a gain of $96,584 (December 31, 2020: $nil), which has been recorded in the consolidated statements of loss and comprehensive loss.

The Company acquired In January 2021, 2,000,000 shares of Zacapa Resources Ltd. ("Zacapa"), a Canadian private company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which holds the option to acquire Tomichi. The shares are held at fair value.

c) Financial risk management

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk is attributable to its liquid financial assets including cash and cash equivalents. The Company is exposed to credit risk with respect to its cash and cash equivalents. All cash and cash equivalents are on deposit with major Canadian or Colombian financial institutions.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by purchasing highly liquid, short-term investment-grade securities held at major financial institutions.

The Company's concentration of credit risk arises from its cash and cash equivalents and as at December 31, 2021, the maximum exposure thereto is $3,397,568 (December 31, 2020: $891,798).

Interest rate risk

The Company is not exposed to significant interest rate risk.

17. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The list below shows the company's foreign currency risk

FY 2021	USD	COP
Cash	7,484	5,074,105
Amounts Receivable	14,623	76,496,768
Prepaid expense	9,734	-
Accounts Payable and Accrued Liabilities	(49,150)	(609,778,948)
Lease Liability	-	(134,903,946)
	(17,309)	**(663,112,021)**

As noted above, the Company's currency risk is presently limited to cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities of the parent entity that are denominated in US dollars ("USD") and of the subsidiaries that are denominated in Colombian peso ("COP").

The Company also has transactional currency exposures and various working capital requirements for the Mocoa deposit and Esperanza project. Such exposures arise from purchases in currencies other than Canadian or US dollars. The Company manages this risk by matching receipts and payments in the same currency and monitoring the movements in foreign currency.

A 10% change in the average exchange rate for the year, with all other variables held constant, would have the following impact on the Company's net loss:

	10% change in USD	10% change in COP
Change in net loss	$ 2,194	$ 21,117

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 anticipates that it has sufficient liquidity to meet its existing liabilities when due. The Company currently has cash of $3,397,568 and current liabilities of $791,639 to cover its current liquidity.

18. SUBSEQUENT EVENTS

Big Red Option Agreement

On January 7, 2022, the Company paid $50,000 in cash and issued 80,000 common shares at an estimated fair value of $38,400 ($38,200 net of share issue costs) in accordance with the Big Red option agreement (note 5).

Private Placement – Final tranche

On January 27, 2022, the Company closed the final tranche of the non-brokered private placement. 7,000,000 Units were issued at a price of $0.50 per Unit for gross proceeds of $3,500,000. Total gross proceeds received from the three tranches of the private placement is $8,300,000.

Each Unit is comprised of one common share (each, a "Unit Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant issued in this final tranche entitles the holder thereof to purchase one common share (each, a "Warrant Share") at a price of $0.75 until January 26, 2024. If during the exercise period of the Warrants, but after the resale restrictions on the Common Shares have expired, the closing price of the Common Shares is at a price equal to or greater than $1.00 for a period of 10 consecutive trading days the Company will have the right to accelerate the expiry date of the Warrants by giving written notice to the holders of the Warrants that the Warrants will expire on the date that is 30 days after the issuance of said notice

Share purchase options

Subsequent to December 31, 2021, the Company granted 1,075,000 share purchase options to employees and consultants pursuant to the Company's share purchase plan. The share purchase options are exercisable at a weighted average exercise price of $0.56 per option and will expire on February 15, 2027.

On January 21, 2022, 20,000 share purchase options with an exercise price of $0.50 were forfeited.

150,000 share purchase options were exercised at an average exercise price of $0.47 per option, for total proceeds of $70,000.

Warrants

On March 12, 2022, 900,000 share purchase warrants with an exercise price of $0.75 expired unexercised.

Subsequent to December 31, 2021, 639,620 share purchase warrants were exercised at an exercise price of $0.75 per warrant for total proceeds of $479,715.