ALTIPLANO METALS INC.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Altiplano Metals Inc.

Opinion

We have audited the consolidated financial statements of Altiplano Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had a working capital deficit of $1,696,314 and an accumulated deficit of $11,478,566 as at December 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW THE MATTER WAS ADDRESSED IN THE AUDIT</th></tr>
<tr><td>Classification of the Company’s mineral properties

We draw attention to Note 4 to the consolidated financial statements. As at December 31, 2022, the carrying amount of the Company’s mineral properties was $7,562,477 and are classified as exploration and evaluation assets. As described in Note 3 i) to the consolidated financial statements, management assessed that the mineral properties were in the exploration and evaluation stage.

We considered this a key audit matter due to:
The significant carrying value of the Company’s exploration and evaluation assets, and the significant amount of activities related to the recovery on sale of mineralized material; and
The significant management judgements and a high level of subjectivity applied to consider the facts and circumstances so as to determine whether the mineral properties have achieved commercial viability and technical feasibility which would require the mineral properties to be reclassified out of exploration and evaluation assets to development properties. Auditing the factors given the underlying facts and circumstances required a high degree of subjectivity in applying audit procedures and evaluating the results of those procedures. This resulted in an increased extent of audit effort.</td><td>Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included the following among others:
Obtaining an understanding of the key controls associated with evaluating which stage of the mineral properties are in;
Evaluating support for management’s assumptions in developing and applying judgements; and
Evaluating management’s assessment of the stage of the mineral properties as to whether the properties meet the criteria to remain classified as exploration and evaluation assets.</td></tr>
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Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

June 1, 2023

ALTIPLANO METALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31 2022	December 31 2021
Assets		
Current		
Cash	**$ 118,758**	$ 1,459,246
Amounts receivable (note 11)	**193,956**	305,767
Prepayments and deposits (note 10)	**363,861**	219,408
	676,575	1,984,421
Equipment (note 6)	**3,558,867**	2,130,012
Investments	**625**	2,083
VAT recoverable (note 11)	**593,218**	333,908
Right-of-use asset (note 8)	**731,615**	792,549
Exploration and evaluation assets (note 4)	**7,562,477**	6,806,260
	$ 13,123,377	$ 12,049,233
Liabilities		
Current		
Accounts payable and accrued liabilities (note 12 and 14)	**$ 1,658,135**	$ 480,365
Lease liability (note 8)	**714,754**	388,728
	2,372,889	869,093
Asset retirement obligations (note 7)	**138,291**	-
Lease liability (note 8)	**-**	402,491
Promissory notes (note 9)	**125,935**	-
	2,682,115	1,271,584
Equity		
Share capital (note 5)	**19,780,839**	18,759,126
Reserves	**2,122,039**	2,163,968
Warrants issuable	**18,565**	**-**
Accumulated other comprehensive income	**43,385**	(365,265)
Deficit	**(11,478,566)**	(9,780,180)
	10,486,262	10,777,649
	$ 13,123,377	$ 12,049,233

Going concern (note 1)
Subsequent events (note 16)

Approved by the Board of Directors

Director (signed by) *“John Williamson”* Director (signed by) *“Sean Mager”*

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

ALTIPLANO METALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the year ended	December 31 2022	December 31 2021
Expenses		
Management fees (note 14)	**$ 266,050**	$ 258,740
Office and administration (note 14)	**87,532**	159,572
Regulatory and filing fees	**29,124**	35,708
Professional fees	**253,308**	233,566
Investor relations (note 14)	**238,962**	239,557
Share-based payment (note 5)	**-**	711,500
	(874,976)	(1,638,643)
Other		
Interest income	**5,075**	11,460
Accretion expense	**(13,152)**	-
Depreciation of right-of-use asset (note 8)	**(60,934)**	(70,220)
Exploration and evaluation asset write-down (note 4)	**(465,046)**	-
Unrealized loss on investments (note 13)	**(1,458)**	(833)
Loss on foreign exchange	**(143,134)**	(621,760)
Write-down of VAT receivable	**(144,761)**	-
	(823,410)	(681,353)
Net loss for the year	**$ (1,698,386)**	$ (2,319,996)
Other comprehensive loss		
Item that may be reclassified subsequently to profit and loss:		
Gain (loss) on translation of foreign operations	**408,650**	(47,176)
Comprehensive loss for the year	**$ (1,289,736)**	$ (2,367,172)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.02)
Basic and diluted weighted average number of common shares outstanding	**114,878,173**	108,140,695

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

ALTIPLANO METALS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Option and warrant reserve	Warrants issuable	AOCI	Deficit	Total equity
Balance at December 31, 2020	**$14,836,648**	**$ 1,452,845**	**$ -**	**$ (318,089)**	**$ (7,460,184)**	**$ 8,511,220**
Shares issued for cash	3,075,000	-	-	-	-	3,075,000
Shares issued for property	14,750	-	-	-	-	14,750
Share issuance costs	(283,084)	88,444	-	-	-	(194,640)
Options granted	-	711,500	-	-	-	711,500
Options exercised	13,500	(4,500)	-	-	-	9,000
Warrants exercised	1,102,312	(84,321)	-	-	-	1,017,991
Other comprehensive loss	-	-	-	(47,176)	-	(47,176)
Net loss	-	-	-	-	(2,319,996)	(2,319,996)
Balance at December 31, 2021	**$18,759,126**	**$ 2,163,968**	**$ -**	**$ (365,265)**	**$ (9,780,180)**	**$10,777,649**
Shares issued for cash	915,875	8,125	-	-	-	924,000
Share issuance costs	(14,162)	1,946	-	-	-	(12,216)
Options exercised	120,000	(52,000)	-	-	-	68,000
Warrants to be issued	-	-	18,565	-	-	18,565
Other comprehensive loss	-	-	-	408,650	-	408,650
Net loss	-	-	-	-	(1,698,386)	(1,698,386)
Balance at December 31, 2022	**$19,780,839**	**$ 2,122,039**	**$ 18,565**	**$ 43,385**	**$ (11,478,566)**	**$10,486,262**

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

ALTIPLANO METALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended	December 31 2022	December 31 2021
Operating activities		
Net loss for the year	**$ (1,698,386)**	$ (2,319,996)
Items not affecting cash:		
Accretion expense	**35,493**	-
Exploration and evaluation asset write-down	**465,046**	-
Interest payable on promissory notes	**-**	14,728
Share-based payments	**-**	711,500
Unrealized loss on investments	**1,458**	833
Depreciation of right-of-use asset	**60,934**	70,220
Write-down of VAT recoverable	**144,761**	-
VAT recoverable	**(404,071)**	-
Changes in non-cash working capital:		
VAT and sales tax receivable	**-**	(237,042)
Accounts receivable and prepaids	**89,621**	616,119
Accounts payable and accrued liabilities	**683,913**	168,454
Cash used in operating activities	**(621,231)**	(975,184)
Investing activities		
Exploration and evaluation property exploration expenditures	**(3,914,267)**	(2,721,187)
Exploration and evaluation property exploration recoveries	**3,512,942**	2,425,091
Purchase of equipment	**(1,371,860)**	(2,162,020)
Cash used in investing activities	**(1,773,185)**	(2,458,116)
Financing activities		
Proceeds from private placements	**924,000**	3,075,000
Proceeds from options exercised	**68,000**	9,000
Proceeds from warrants exercised	**-**	1,017,991
Cash share issuance costs	**(12,216)**	(194,640)
Repayment of lease liability	**(76,464)**	(75,643)
Repayment of promissory notes and interest	**-**	(784,000)
Promissory notes received	**144,500**	-
Cash provided by financing activities	**1,047,820**	3,047,708
Foreign exchange effect on cash	**6,108**	(18,201)
Net increase in cash	**(1,340,489)**	(403,793)
Cash, beginning	**1,459,246**	1,863,039
Cash, ending	**$ 118,758**	$ 1,459,246

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

(Expressed in Canadian Dollars)

1. Nature of operations

Altiplano Metals Inc. ("Altiplano" or the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2010. On November 10, 2010, the Company was continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company's common shares are listed for trading on the TSX Venture Exchange (the "Exchange") under the trading symbol "APN", on the OTC Pink Venture Market under the trading symbol "ALTPF", and on the Frankfurt Stock Exchange under the trading symbol "9AJ1". The Company's head office is at Suite 300, 250 Southridge NW, Edmonton, Alberta, T6H 4M9. The Company's registered records office is at 3200 Vancouver Centre, 650 West Georgia Street, Vancouver, BC V6B 4P7.

The Company is focused on evaluating and acquiring exploration projects with significant potential.

While these consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are material uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at December 31, 2022, the Company had working capital deficit of $1,696,314 and an accumulated deficit of $11,478,566. The Company is dependent upon obtaining additional equity or debt financing to fund any operating expenditures or acquisition opportunities in order to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the exploration and evaluation assets. Such adjustments could be material.

2. Basis of presentation

These consolidated financial statements 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 Issues Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on June 1, 2023.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Altiplano Metals Chile SPA, Altiplano Minerals Chile SPA, SCM Comet Exploration Chile, Andes Metals Chile SPA. All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Altiplano Metals Chile SPA	Chile	100%	Holding company
Altiplano Minerals Chile SPA	Chile	100%	Holding company
SCM Comet Exploration Chile	Chile	100%	Holds mineral interests in Chile
Andes Metals Chile SPA	Chile	100%	Holds mineral interests in Chile

These consolidated financial statements are prepared using the functional currency of the Company and each of its subsidiaries. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Altiplano is the Canadian Dollar and the functional currency of its wholly owned subsidiaries is the Chilean Peso. The Canadian dollar is the presentation currency of the Company unless otherwise noted.

These consolidated financial statements have been prepared on a historical cost basis, unless otherwise noted. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Significant management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Estimates and assumptions

Share-based compensation and non-cash share issuance costs

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

The fair values of share-based compensation and non-cash share issuance costs relating to the issuance of agents' warrants and stock options are determined using the Black-Scholes Option Pricing Model based on estimated fair values at the date of grant. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the equity instruments. Changes in these assumptions can significantly affect the fair value estimates.

Impairment of non-current assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reservces.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's exploration and evaluations assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of a mineral resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. The estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Useful life of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets

Judgments

Asset retirement obligations

The fair value of a liability for an asset retirement or environmental obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement or environmental obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement or environmental cost is charged to operations using a systematic and rational method and the resulting liability is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As of December 31, 2022, the Company has recognized $138,291 as asset retirement obligations.

Determination of functional currency

The determination of functional currency for each company requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods or services. There is judgement in determining whether the functional currency is Chilean Pesos or Canadian Dollars.

The additional factors for consideration under IFRS which include examining (a) the currency of the financing activities, (b) the currency in which the receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether the transactions between the entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, and to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date.

The application of the Company's accounting policy for mineral property development costs require judgement to determine when technical feasibility and commercial viability are demonstratable.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Income recognition

Prior to income being recognized, the Company must have an enforceable sales contract, in accordance with customary business practices that clearly outline each party's rights regarding the goods to be transferred, payment terms, etc; the contract must have economic substance; and it must be probable that the Company will ultimately receive payment. The Company determines the transaction price, which is the agreed upon contract price and allocations the transaction proceeds to the performance obligations stated in the contract. The only performance obligation the Company has is to deliver the goods to the customer.

Income is measured at the fair value of consideration received or receivable. Any sales that occur prior to the determination of technical feasibility and commercial viability of commercial production are credited to exploration and evaluation properties.

The Company's interest revenue relates to its cash on deposit with the Company's financial institutions and is recognized as earned.

d) Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company has not entered into derivative contracts.

Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash is recognized at fair value.

Amounts receivable are recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Equity investments are initially recognized at their fair value. Changes in the fair value of equity investments are recognized in comprehensive income (loss) in the period in which they occur.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets at amortized cost

The impairment model under IFRS 9, the expected loss model, applies to financial assets measured at amortized cost including trade receivables. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Financial liabilities:

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows and is derecognized 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.

Financial liabilities such as accounts payable and accrued liabilities, payroll liabilities and promissory notes are recognized at amortized cost using the effective interest rate method.

e) Compound Instruments

Compound financial instruments that contain multiple instruments which meet the fixed-for-fixed criteria (fixed consideration received and fixed number of shares issue upon conversion) are separated into their liability and equity components on the consolidation statements of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon debt without multiple components issued by comparable issuers and accounting for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate of debt with similar terms in the time of issue. The fair value of the equity component is determined at the time of issue as the difference between the face value of the debt and the fair value of the liability component.

Transaction costs that are directly attributed to the issuance of the instruments are recorded against equity and debt components on a pro-rata basis. Transaction costs allocated to the liability component are accreted over the term of the instrument using the effective interest rate method.

f) Foreign and functional currency

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 consolidated statement of loss and comprehensive loss in the period in which they arise.

Assets and liabilities of foreign operations are translated from its functional currency to the presentation currency at the exchange rate at the reporting date. Income and expenses of foreign operations are translated at exchange rates at the dates of the relevant transactions, with average exchange rates used when appropriate. Foreign currency differences arising from translation are recognized in other comprehensive income (loss).

g) Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment losses.

The cost of an equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs. Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as a repairs and maintenance.

The carrying amounts of equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use. The major categories of equipment are depreciated at the following useful lives:

Computer hardware	3-6 years
Furniture and fixtures	3-10 years
Machinery equipment	5-15 years

h) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for indicators of impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the assets are grouped together into the smallest group of assets that generate independent cash inflows and then a review is undertaken at the cash-generating unit level.

If the carrying amount of an individual asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recorded profit or loss to reflect the asset at the lower amount. In assessing the value-in use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a pre-tax discount rate which reflects the current market's assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

A reversal of a previously recognized impairment loss is recorded in profit or loss when events or circumstances indicate that the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

i) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

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

j) Exploration and evaluation assets

Exploration and evaluation assets acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analysing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the acquisition and exploration expenditures will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off. As the Company currently has no operating income, any incidental revenue earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the mineral property will be written down to its recoverable amount. Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties.

k) Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company’s common shares for the period are dilutive.

During the years ended December 31, 2022 and 2021, all the outstanding share options and warrants were anti-dilutive as the Company reported a net loss.

l) Share-based compensation

Share-based compensation related to the issuance of stock options to employees, consultants, directors, and officers pursuant to the Company's stock option plan is accounted for using the fair value method whereby compensation expense related to these programs is recorded in profit or loss with a corresponding increase to option and warrant reserve in equity. Share-based compensation related to compensation warrants and options issued pursuant to private placements to non-employees is recorded at the fair value of the goods or services received and is recorded as share issue costs with a corresponding increase to share option and warrant reserve.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes Option Pricing Model. Consideration paid on the exercise of stock options and warrants is credited to share capital. Upon the exercise of the stock options or compensation warrants, consideration received together with the amount previously recognized in option and warrant reserve is recorded as an increase to share capital. The Company incorporates an estimated forfeiture rate for stock options and agents warrants that may not vest.

m) Valuation of equity units issued in a private placement

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Where the fair value of the common shares included in the unit is determined to be equal to or greater than the consideration received for the unit, the consideration received is allocated to common shares and nil to the warrants.

The fair value of finder's warrants is calculated based on the Black-Scholes valuation model.

n) Share issuance costs

Share issue costs, which includes commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

o) Leases

Recognition and measurement
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are presented as property and equipment and the lease liabilities are presented as loans on the consolidated statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less. For its lease, the Company recognizes the lease payments as an expense to profit or loss on a straight-line basis over the term of the lease.

4. Exploration and evaluation assets

Farellon and Maria Luisa Properties

The Company has a 100% interest in the Farellon and Maria Luisa projects, located near the town of La Serena, Republic of Chile (collectively, the "Projects").

During the year ended December 31, 2020, the Company negotiated an amendment to the terms of the 10% Net Profits Interest ("NPI") which is capped at $1.5 million, due to Comet Exploration Ltd. ("Comet") from profits derived from its Chilean projects under the purchased agreement. Under the terms of the amendment, the Company will eliminate the NPI obligation, which was capped at $1,500,000, by making payments totalling $200,000 as follows:

- Payment of $50,000 to Comet by April 20, 2020 (paid);
- Payment of $50,000 to Comet by October 2, 2020 (paid);
- Payment of $100,000 to Comet by April 1, 2021 (paid); and
- Return to Comet for cancelation 500,000 ordinary shares of Comet held by the Company (returned).

The Farellon project is subject to a lease agreement which requires monthly payments of 4,000,000 CLP per month plus a royalty of 10% of net monthly sales from the project for the life of the agreement.

On July 5, 2021, the Company completed an option agreement (the "Option Agreement") on the Maria Luisa property, whereby the Company may acquire a 100% undivided interest in the property for US$2,000,000 as follows:

- US$200,000, paid in 12 equal monthly payments starting July 5, 2021 (paid US$200,000);
- US$800,000, paid on the first-year anniversary of closing the Option Agreement*;
- US$500,000, paid on the second-year anniversary of closing the Option Agreement;
- US$500,000, paid on the third-year anniversary of closing the Option Agreement.

*During the year ended December 31, 2022, the Company amended the agreement to delay the first-year anniversary payment of US$800,000, to January 2023 (unpaid). The Company has continued making monthly payments, which will be applied against the US$800,000 (paid US$14,585 at December 31, 2022).

Pastillas Gold Project

On August 18, 2021, the Company entered into an agreement (the "Pastillas Agreement"), to acquire the Pastillas gold exploration project located within the prolific Maricunga belt, approximately 116km from Copiapó in the Atacama region of Chile.

Under the terms of the Pastillas Agreement , the Company may acquire a 100% interest in the property by paying US$1,230,000 in cash and issuing 1,000,000 in common shares, as follows:

- US$30,000 (paid) and 50,000 shares (issued) on October 6, 2021, the date of acceptance of the Pastillas Agreement by the Exchange (the "Approval Date").
- US$50,000 and 100,000 shares on the first anniversary of the Approval Date (not paid).
- US$100,000, and 150,000 shares on the second anniversary of the Approval Date.
- US$250,000 and 300,000 shares on the third anniversary of the Approval Date.
- US$800,000 and 400,000 shares on the fourth anniversary of Approval Date.

(Expressed in Canadian Dollars)

In addition, the Company must incur a minimum total of CND$2,900,000 in exploration expenditures as follows:

- $150,000 within the next 12 months from the date of the Pastillas Agreement (incurred);
- $250,000 within 12 months of the first anniversary date of the Pastillas Agreement;
- $1,000,000 within 12 months of the second anniversary date of the Pastillas Agreement; and
- $1,500,000 within 12 months of the third anniversary date of the Pastillas Agreement.

The Pastillas Agreement also provides a 2% net smelter royalty ("NSR") retained by the optionor with a provision for the Company to buy back one-half for US$2,000,000 until the 8th anniversary of the Pastillas Agreement.

Subsequent to December 31, 2022, the Company informed Marpel Limitada of the decision to forefeit the option on the Pastillas gold exploration project. As a result the Company has impaired the carrying value of the project to $nil.

Total costs incurred by the Company on exploration and evaluation assets are summarized as follows:

	Farellon	Maria Luisa	Pastillas	Total
Balance, December 31, 2020	**$ 6,922,118**	**$ 37,919**	**$ -**	**$ 6,960,037**
Acquisition	100,000	108,675	57,686	266,361
Equipment and supplies	605,799	24,061	21,047	650,907
Fieldwork	1,111,557	39,087	26,640	1,177,284
Geological consulting	462,465	76,184	57,153	595,802
Travel	20,282	3,870	3,414	27,566
Recovery on sale of mineralized material	(2,597,260)	-	-	(2,597,260)
Foreign exchange translation	(259,883)	(12,624)	(1,930)	(274,437)
Balance, December 31, 2021	**$ 6,365,078**	**$ 277,172**	**$ 164,010**	**$ 6,806,260**
Acquisition	-	141,146	-	141,146
Analysis	-	7,094	26,734	33,828
Drilling	-	15,657	-	15,657
Equipment and supplies	673,253	33,712	22,474	729,439
Fieldwork	942,424	573,503	106,822	1,622,749
Geological consulting	1,794,889	118,065	109,488	2,022,442
Permits	-	2,100	23,519	25,619
Travel	76,615	16,943	11,299	104,857
Recovery on sale of mineralized material	(3,621,687)	(13,518)	-	(3,635,205)
Reclamation	73,822	-	-	73,822
Exploration and evaluation asset write-down	-	-	(465,046)	(465,046)
Foreign exchange translation	84,087	2,122	700	86,909
Balance, December 31, 2022	**$ 6,388,481**	**$ 1,173,996**	**$ -**	**$ 7,562,477**

(Expressed in Canadian Dollars)

5. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares. There are no preferred shares issued and outstanding.

A summary of changes in common share capital in the year is as follows:

	Number of shares	Amount
Balance at December 31, 2020	**92,395,194**	**$ 14,836,648**
Shares issued in private placements	12,300,000	3,075,000
Shares issued for property	50,000	14,750
Shares issued upon exercise of options	90,000	13,500
Shares issued upon exercise of warrants	8,668,527	1,102,312
Share issuance costs cash	-	(283,084)
Balance at December 31, 2021	**113,503,721**	**$ 18,759,126**
Shares issued in private placements	4,620,000	915,875
Shares issued upon exercise of options	400,000	120,000
Share issuance costs cash	-	(14,162)
Balance at December 31, 2022	**118,523,721**	**$ 19,780,839**

On March 19, 2021, the Company completed a private placement of 12,300,000 units for proceeds of $3,075,000. Each unit consists of one common share and one-half warrant. The warrants were valued at $Nil based on the residual method. The Company also paid finders' fees of $113,815 and issued 520,260 agent warrants to certain arm's length finders. Each warrant is exercisable to acquire one additional common share at $0.40 per share until two years from issuance.

During the year ended December 31, 2021, the Company issued 90,000 shares for gross proceeds of $9,000 on exercise of stock options and issued 8,668,527 shares for gross proceeds of $1,097,991 on exercise of warrants.

On October 19, 2022, the Company completed a private placement of 4,620,000 units for gross proceeds of $924,000. Each unit consists of one common share and one-half warrant. The warrants were valued at $Nil using the residual method. The Company paid finders' fees of $12,216 and issued 23,950 agent warrants to certain finders. Each warrant is exercisable to acquire one additional common share at $0.30 per share until two years from issuance. The fair value of $8,125 was allocated to the warrants using the residual value method.

During the year ended December 31, 2022, the Company issued 400,000 shares for gross proceeds of $68,000 on exercise of stock options. The weighted average share price on the date of exercise was $0.20 per share.

(Expressed in Canadian Dollars)

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the tenth anniversary of the date the option was granted.

A summary of stock option activity in the year is as follows:

	Number of options		Weighted average exercise price
Outstanding options, December 31, 2020	**7,100,750**		**0.16**
Issued	2,650,000		0.32
Exercised	(90,000)		0.10
Expired	(1,150,000)		0.19
Outstanding options, December 31, 2021	**8,510,750**	**$**	**0.21**
Exercised	(400,000)		0.17
Expired	(700,750)		0.14
Outstanding options, December 31, 2022	**7,410,000**	**$**	**0.22**

A summary of the options outstanding and exercisable is as follows:

	December 31, 2022			December 31, 2021		
Exercise Price	**Number of options**	**Remaining contractual life (years)**	**Exercise Price**	**Number of options**	**Remaining contractual life (years)**	
$ -	-	-	$ 0.20	200,000	0.2	
-	-	-	0.15	250,000	0.8	
-	-	-	0.14	650,750	0.8	
0.30	1,450,000	0.4	0.30	1,450,000	1.4	
0.10	3,310,000	1.6	0.10	3,310,000	2.6	
0.35	1,200,000	3.1	0.35	1,200,000	4.1	i
0.30	750,000	3.2	0.30	750,000	4.2	ii
0.30	600,000	3.2	0.30	600,000	4.2	iii
0.30	100,000	3.3	0.30	100,000	4.3	iv
$ 0.22	**7,410,000**	**1.9**	**$ 0.21**	**8,510,750**	**2.7**	

i On January 28, 2021, the Company granted stock options to acquire up to an aggregate 1,200,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of $0.35 per common share and have an expiry date of January 28, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of $348,000, or $0.29 per option, has been recorded as share-based compensation expense during the year ended December 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price $0.34; expected life, 5 years; expected volatility, 131%; risk-free rate 0.41%; expected dividends, 0%.

(Expressed in Canadian Dollars)

ii On March 19, 2021 the Company granted stock options to acquire 750,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at $0.30 per common share and have an expiry date of March 19, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of $187,500, or $0.25 per option, has been recorded as share-based compensation expense during the year ended December 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price $0.29; expected life, 5 years; expected volatility, 129%; risk-free rate 1.0%; expected dividends, 0%.

iii On March 19, 2021, the Company also granted stock options to acquire 600,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at $0.30 per common share and have an expiry date of March 19, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of $150,000, or $0.25 per option, has been recorded as share-based compensation expense during the year ended December 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price $0.29; expected life, 5 years; expected volatility, 129%; risk-free rate 1.0%; expected dividends, 0%.

iv On April 21, 2021, the Company granted stock options to acquire up to an aggregate 100,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of $0.30 per common share and have an expiry date of April 21, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of $26,000, or $0.26 per option, has been recorded as share-based compensation expense during the year ended December 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price $0.31; expected life, 5 years; expected volatility, 123%; risk-free rate 0.94%; expected dividends, 0%.

c) Warrants

A summary of share purchase warrant activity in the year is as follows:

	Number of Warrants		Weighted average exercise price
Outstanding warrants, December 31, 2020	**18,069,867**	**$**	**0.19**
Issued	6,670,260		0.40
Exercised	(8,668,527)		0.13
Expired	(13,600)		0.20
Outstanding warrants, December 31, 2021	**16,058,000**	**$**	**0.31**
Issued	2,333,950		0.30
Expired	(102,024)		0.25
Outstanding warrants, December 31, 2022	**18,289,926**	**$**	**0.31**

(Expressed in Canadian Dollars)

A summary of the warrants outstanding and exercisable is as follows:

	December 31, 2022			December 31, 2021		
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)	
$ -	-	-	$ 0.25	102,024	0.8	
0.40	6,150,000	0.2	0.40	6,150,000	1.2	
0.25	9,285,716	0.8	0.25	9,285,716	0.8	i
0.40	520,260	0.2	0.40	520,260	1.2	ii
0.30	1,497,500	1.7	-	-	-	
0.30	3,000	1.7	-	-	-	iii
0.30	812,500	1.8	-	-	-	
0.30	20,950	1.8	-	-	-	iv
$ 0.31	**18,289,926**	**0.7**	**$ 0.31**	**16,058,000**	**1.0**	

i On October 16, 2022, the Company amended the terms of 9,285,716 outstanding warrants of the Company set to expire October 16, 2022. The Company extended the expiry date for all the Warrants by one year to October 16, 2023. All other terms of the warrants remain the same. No additional value was recognized on the extension of the warrants.

ii On March 19, 2021, 520,260 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $88,444, or $0.17 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.29; expected life, 2 years; expected volatility, 132%; risk free rate, 0.26%; expected dividends, 0%.

iii On September 12, 2022, 3,000 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $270, or $0.09 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.22; expected life, 2 years; expected volatility, 92.83%; risk free rate, 3.61%; expected dividends, 0%.

iv On October 19, 2022, 20,950 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $1,676, or $0.08 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.195; expected life, 2 years; expected volatility, 92.46%; risk free rate, 4.18%; expected dividends, 0%.

(Expressed in Canadian Dollars)

6. Equipment

	Machinery equipment	Furniture and fixtures	Computer hardware	Construction in progress	Total
Balance, December 31, 2020	**$ 127,554**	**$ 30,473**	**$ 5,830**	**$ -**	**$ 163,857**
Additions	388,985	5,015	3,923	1,815,417	2,213,340
Depreciation	(48,351)	(9,195)	(1,935)	-	(59,481)
Foreign exchange	(37,584)	(5,079)	(1,378)	(143,663)	(187,704)
Balance, December 31, 2021	**$ 430,604**	**$ 21,214**	**$ 6,440**	**$ 1,671,754**	**$ 2,130,012**
Additions	146,575	-	1,304	1,163,899	1,311,778
Reclamation	-	-	-	51,317	51,317
Depreciation	(91,982)	(8,472)	(1,885)	-	(102,399)
Foreign exchange	38,510	977	497	128,115	168,099
Balance, December 31, 2022	**$ 523,707**	**$ 13,719**	**$ 6,356**	**$ 3,015,085**	**$ 3,558,867**

During the year ended December 31, 2022, the Company capitalized $102,399 (2021 - $59,481) in depreciation to mineral properties.

During the year-end December 31, 2021, the Company has entered into an agreement to construct a mill and processing plant that is under construction as at December 31, 2022. The plant is not available for use, therefore no amortization has been taken on the asset.

7. Asset retirement obligations

The Company's reclamation and closure obligations relates to the cost of removing and restoring the Farellon Property and El Penon processing plant in Chile. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of an environmentally acceptable mine closure plan.

As at December 31, 2022, the Company, set up provisions for the asset retirement and reclamation obligations. The estimated undiscounted cash flow required to settle the asset retirement obligation for the El Penon processing plant and Farellon Property is $193,712 and is projected to be disbursed no earlier than 2026. A discount rate of 11.25% and an inflation rate of 12.80% per annum was used to evaluate this provision.

The reconciliation for reclamation expenses is as follows:

Balance, December 31, 2021 and 2020	**$ -**
Asset retirement obligations	125,139
Accretion	13,152
Balance, December 31, 2022	**$ 138,291**

(Expressed in Canadian Dollars)

8. Right-of-use asset/lease liability

In November 2020, the Company signed lease agreements for land to be used as the location of its future mill and processing facility. The land is approximately 15 kms from the Company's Farellon project and hosts power, water and transportation infrastructure to support the plant. The incremental rate of borrowing for these leases were estimated by management to be 5% per annum.

In August 2022, the term of one of the lease agreements was extended by one year, with the amended term ending in February 2023. The Company did not make the payment on February 2023, but has continued making the monthly payments under the lease agreement while it renegotiates the purchase option of the land under the lease. The remaining lease agreement term ends in October 2023.

The Company recognized a right-of-use asset for its lease agreements as follows:

Balance, December 31, 2020	**$ 862,769**
Depreciation	(70,220)
Balance, December 31, 2021	**$ 792,549**
Depreciation	(60,934)
Balance, December 31, 2022	**731,615**

The Company recognized a lease liability for its lease agreements as follows:

Balance, December 31, 2020	**$ 866,862**
Lease payments	(75,643)
Balance, December 31, 2021	**$ 791,219**
Lease payments	(76,465)
Balance, December 31, 2022	**$ 714,754**

The Company's lease liability is presented in the statement of financial position as follows:

As at	**December 31 2022**	**December 31 2021**
Current	**$ 714,754**	$ 388,728
Non-current	**-**	402,491
	$ 714,754	$ 791,219

As at December 31, 2022 the Company is committed to minimum lease payments as follows:

	December 31 2022	**December 31 2021**
Less than one year	**$ 714,754**	$ 403,172
Two to three years	**-**	394,702
Total undiscounted lease liabilities	**$ 714,754**	$ 797,874

(Expressed in Canadian Dollars)

9. Promissory notes and interest payable

On December 23, 2022, the Company entered into a debt financing and issued $144,500 in promissory notes. The promissory notes are unsecured, bear interest at 12% per annum and are repayable by the Company in 24 equal instalments of principal and interest, commencing after one year, and thereafter on the first business day of each month until the maturity date.

As compensation to the lenders for the risk of repayment of the loans, the Company will issue a non-transferable warrants (the "Bonus Warrants") equal to 100% of the principal amount of the loans divided by $0.20 per share. The Bonus Warrants are exercisable at an exercise price of $0.20 per warrant share.

For accounting purposes, the promissory notes and bonus warrants were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and interest to present value at the inception date of the promissory notes which amounted to $125,935. The effective interest rate for the liability component was 16% with a maturity date of December 23, 2025. The equity component related to the bonus warrants is then estimated by subtracting the fair value of the liability component from the gross proceeds of the promissory note which amounted to $18,565.

As at December 31, 2022, the Company had not yet issued the bonus warrants subject to exchange approval. The fair value of $18,565 has been allocated to the bonus warrants and classified in equity.

The following table outlines the activity for promissory notes and interest payable:

Balance, December 31, 2021	**$**	**-**
Issuance of promissory note		144,500
Equity portion		(18,565)
Balance, December 31, 2022	**$**	**125,935**

10. Prepayments and deposits

The prepayments and deposits consist of payments made to suppliers for future services to be provided by suppliers.

		December 31 2022		December 31 2021
Contractor prepaid	**$**	**202,645**	$	128,417
Prepaid insurance expenses		**8,750**		6,125
Prepaid marketing expenses		**109,722**		50,000
Deposit for consumable supplies		**13,648**		12,740
Deposit for office rent		**12,126**		12,126
Other prepaid		**16,970**		10,000
	$	**363,861**	$	219,408

(Expressed in Canadian Dollars)

11. Amounts receivable

	December 31 2022	December 31 2021
Copper concentrate sales receivable	**$ 122,263**	$ 212,354
Sales tax receivable	**15,781**	10,644
Value added tax recoverable[1]	**-**	65,162
Other receivable	**55,912**	17,607
	$ 193,956	$ 305,767

[1] Includes the current portion of value-added tax ("VAT") recoverable of December 31, 2021 - $65,162 related to the El Penon Mill Site. VAT in Chile is not refundable and can only be used to offset future VAT on concentrate sales. The VAT recoverable at December 31, 2022 has been classified as long-term as the amount will not be fully recovered within the subsequent 12 months.

12. Accounts payable and accrued liabilities

	December 31 2022	December 31 2021
Trade payables and accruals	$ 483,277	$ 169,788
Accrued liabilities	344,211	40,713
Corporate and management fees payable	268,957	107,204
Royalties payable	242,510	-
Salaries, benefits and payroll tax payable	111,955	75,054
Value added tax payable	207,225	87,606
	$ 1,658,135	$ 480,365

13. Financial instruments and risk management

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and listed equity investments are classified as Level 1, whereas amounts receivable, and accounts payable and accrued liabilities are classified as Level 2, and non-listed equity investments are classified as Level 3. As at December 31, 2022, the Company believes that the carrying values of cash, amounts receivable, accounts payable, accrued liabilities and promissory notes approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Chilean peso will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Chile. The foreign exchange exposure at December 31, 2022 is with the Chilean Pesos and a 10% increase in the exchange rate would have an impact of $177,027 (December 31, 2021 - $153,484) on the Company's results and a 10% decrease in the exchange rate would have an impact of $144,841 (December 31, 202 - $125,577) on the Company's results.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company has a significant number of customers which minimizes concentration of credit risk. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company deals only with financially sound counterparties and, accordingly, does not anticipate loss for non-performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. All of accounts receivable is current. The amounts disclosed in the balance sheet represent the maximum credit risks. Credit risk that arises from accounts receivable is considered low. The Company's cash is also exposed to credit risk. Cash is held with a major financial institution, consequently, the risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(Expressed in Canadian Dollars)

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at December 31, 2022, the Company's working capital deficit was $1,696,314. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31 2022	December 31 2021
Financial assets at amortized cost:		
Cash	**$ 118,758**	$ 1,459,246
Amounts receivable	**178,175**	229,961
Financial assets at FVTPL:		
Investments	**625**	2,083
	$ 297,558	$ 1,691,290

Financial liabilities included in the statement of financial position are as follows:

	December 31 2022	December 31 2021
Non-derivative financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	**$ 1,450,910**	$ 405,311
Promissory notes	**125,935**	-
	$ 1,576,845	$ 405,311

Determination of fair value

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and debt to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. There are no external restrictions on the management of capital. There was no change to the Company's approach to capital management during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

14. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the year ended	**December 31 2022**	**December 31 2021**
Management fees paid to key management and directors	**$ 265,000**	$ 256,000
Rent paid to a corporation controlled by key management	**40,200**	40,200
Office and admin fees paid to a corporation controlled by key management	**49,000**	49,000
Investor relations fees paid to a director	**-**	60,000
	$ 354,200	$ 405,200

Key management compensation

Key management includes directors and key officers of the Company, including the Chairman, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel is summarized below:

	December 31 2022	**December 31 2021**
Short term benefits	**$** 265,000	$ 316,000
Share-based payments	-	187,500
	$ 265,000	$ 503,500

At December 31, 2022, accounts payable and accrued liabilities include $175,397 (2021 - $60,109) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended December 31, 2022, the Company received proceeds of $100,000 from companies controlled by directors and officers of the Company for the issuance of promissory notes issued and bonus warrants issuable. As at December 31, 2022, $100,000 is due to directors and officers related to outstanding promissory notes and interest (See Note 8).

During the year ended December 31, 2022, the Company issued 1,300,000 (2021 – 440,000) common shares for proceeds of $260,000 (2021 – $110,000) raised during private placements from key management and directors.

During the year ended December 31, 2021, there were 750,000 options issued to key management and directors resulting in a share-based compensation expense of $187,500.

(Expressed in Canadian Dollars)

15. Deferred income taxes

Deferred tax assets have not been recognized in respect of the following items:

	December 31 2022	December 31 2021
Tax losses - Canada	$ 1,727,000	$ 1,598,000
Tax losses – Chile	1,322,000	1,141,000
Taxable temporary differences	(743,000)	(315,000)
	$ 2,306,000	$ 2,424,000

The tax losses expire between 2030 and 2042. Deferred tax assets have not been recognized in respect of the preceding items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

In assessing whether the deferred tax assets are realizable, management considers whether it is probable that some portion or all of the deferred tax assets will be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As at December 31, 2022, the Company has not recognized any deferred tax assets (2021 - $nil).

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined statutory income tax rate of approximately 27% (2021 – 27%) to the net loss before income taxes for the years as follows:

	December 31 2022	December 31 2021
Expected tax recovery from operations	$ (459,000)	$ (603,000)
Changes resulting from:		
Non-deductible amounts	(577,000)	(739,000)
Change in unrecognized deferred tax assets	118,000	136,000
Income tax recovery	$ -	$ -

16. Subsequent events

Subsequent to December 31, 2022, the Company entered into additional promissory notes of $297,500 with same terms as note 8.

Subsequent to December 31, 2022, The Company closed a first tranche of its non-brokered private placement (the "Offering") for gross proceeds of $381,000 through the issuance of 3,810,000 Units. Each Unit consists of one common share of the Company, and one warrant (the "Warrants") of the Company. Each Warrant will be exercisable to acquire one additional common share for two years from the closing date of the Offering at a price of C$0.12 per share.

Certain finders received cash fees of $15,060 and 150,600 finders warrants, issued on the same terms as the Warrants.

Subsequent to December 31, 2022, the Company entered into an offtake agreement and facility with Arrow Metals Asia Pte Ltd. Pursuant to the offtake agreement, Altiplano will sell the copper concentrates produced at the El Peñón processing facility located at the Farellon Iron-Oxide-Copper-Gold mine in Chile, on an exclusive basis to Arrow until December 31, 2025, and the agreement may be further extended. Pursuant to facility, Arrow has also agreed to make available to the Company up to USD$1.5 million as a loan facility, which will be repaid by delivery of such concentrates. The facility will be by way of multiple drawdowns on request of Altiplano, with the first drawdown being for USD$500,000 (received), which will be repaid with interest in monthly instalments, against Altiplano's future shipments of concentrates over the next 12 months.