LATIN METALS INC.

(An Exploration Stage Company)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended October 31, 2020 and 2019

<u>Corporate Head Office</u>

Suite 2300 – 1177 West Hastings Street
Vancouver, British Columbia
V6E 2K3
Tel: 604-408-7488

INDEX | **Page**

Smythe
CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LATIN METALS INC.

Opinion

We have audited the consolidated financial statements of Latin Metals Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at October 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' 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, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $640,540 during the year ended October 31, 2020 and has an accumulated deficit of $9,694,921 as of October 31, 2020. 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.

Other Information

Management is responsible for the other information. The other information comprises of the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits 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 audits, and remain alert for indications that the other information appears to be materially misstated.

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

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Smythe LLP | **smythecpa.com**

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

- 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 auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 23, 2021

LATIN METALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at October 31

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	$ 1,019,753	$ 1,457,653
Receivables	10,678	28,020
Prepaids	40,371	37,255
	1,070,802	1,522,928
Equipment (note 4)	8,843	10,280
Exploration and Evaluation Assets (note 5)	3,909,160	3,578,793
Total Assets	$ 4,988,805	$ 5,112,001
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	$ 153,257	$ 148,481
Loans from related parties (note 7)	180,222	-
	333,479	148,481
Loans from related parties (note 7)	-	162,506
Total Liabilities	333,479	310,987
Shareholders' Equity		
Share capital (note 6)	12,178,756	12,063,254
Reserves (note 6)	2,171,491	1,792,141
Deficit	(9,694,921)	(9,054,381)
Total Shareholders' Equity	4,655,326	4,801,014
Total Liabilities and Shareholders' Equity	$ 4,988,805	$ 5,112,001

Nature of operations and going concern (note 1)
Subsequent events (note 7, 13)

Approved on behalf of the Board of Directors on February 23, 2021

"Keith Henderson" Director *"David Cass"* Director

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

LATIN METALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
Years ended October 31

	2020	2019
Expenses		
Bank charges	$ 4,698	$ 5,083
Consulting fees (note 7)	166,134	240,639
Depreciation (note 4)	1,437	2,506
Impairment loss on VAT receivable and other	23,645	52,228
Investor relations and promotion	26,333	52,078
Office and general	93,689	92,012
Professional fees	88,941	137,058
Property investigation costs (note 5)	31,245	148,217
Regulatory and transfer agent	33,012	49,810
Salaries and benefits (note 7)	171,702	191,988
Share-based compensation (notes 6 and 7)	379,350	-
Travel	6,614	22,160
Loss from operations	(1,026,800)	(993,779)
Interest income	13,296	4,841
Interest expense	-	(1,387)
Finance costs (note 7)	(27,864)	(26,054)
Foreign exchange	3,064	54,460
Recovery of exploration and evaluation assets (note 5)	397,764	153,996
	386,260	185,856
Loss and comprehensive loss for the year	$ (640,540)	$ (807,923)
Basic and Diluted Loss per Share	$ (0.01)	$ (0.03)
Weighted Average Number of Common Shares Outstanding – basic and diluted	45,888,933	29,760,667

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

LATIN METALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital				Total
	Shares	Amount	**Reserves**	**Deficit**	**Shareholders' Equity**
Balance, October 31, 2018	**20,656,744**	**$ 9,131,693**	**$ 1,749,826**	**$ (8,246,458)**	**$ 2,635,061**
Shares issued for cash:					
Private placement	24,798,000	3,099,750	-	-	3,099,750
Share issue costs	-	(125,874)	-	-	(125,874)
Finders' fee - warrants issued	-	(42,315)	42,315	-	-
Net loss for the year	-	-	-	(807,923)	(807,923)
Balance, October 31, 2019	**45,454,744**	**$ 12,063,254**	**$ 1,792,141**	**$ (9,054,381)**	**$ 4,801,014**
Shares issued for non-cash:					
Property acquisition	934,500	81,753	-	-	81,753
Property acquisition – finders' fees	321,236	33,749	-	-	33,749
Share-based compensation (note 6)	-	-	379,350	-	379,350
Net loss for the year	-	-	-	(640,540)	(640,540)
Balance, October 31, 2020	**46,710,480**	**$ 12,178,756**	**$ 2,171,491**	**$ (9,694,921)**	**$ 4,655,326**

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

LATIN METALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
Years ended October 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (640,540)	$ (807,923)
Items not affecting cash:		
Finance costs – accretion of loans	17,864	16,054
Recovery of exploration and evaluation assets	(397,764)	(153,996)
Share-based compensation	379,350	-
Depreciation	1,437	2,506
Changes in non-cash working capital items:		
Receivables	17,342	(4,307)
Prepaids	(3,116)	7,569
Accounts payable and accrued liabilities	(5,751)	(198,712)
Net cash outflow from operating activities	(631,178)	(1,138,809)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option proceeds on exploration and evaluation asset	441,452	184,936
Expenditures on exploration and evaluation assets	(248,174)	(651,291)
Net cash flow (outflow) from investing activities	193,278	(466,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	3,099,750
Share issuance costs	-	(125,874)
Loans from related parties	-	197,758
Repayment of loans	-	(197,610)
Net cash inflow from financing activities	-	2,974,024
Change in cash and cash equivalents for the year	(437,900)	1,368,860
Cash and cash equivalents, beginning of the year	1,457,653	88,793
Cash and cash equivalents, end of the year	$ 1,019,753	$ 1,457,653
Composition of Cash and Cash Equivalents		
Cash	$ 1,019,753	$ 457,653
Cash equivalents	-	1,000,000
Total cash and cash equivalents	$ 1,019,753	$ 1,457,653

Supplemental disclosure with respect to cash flows (note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Latin Metals Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on January 9, 2006. The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties located in South America. The Company operates with a Prospect Generator model focusing on the acquisition of prospective exploration properties at minimum cost, completing initial evaluation through cost-effective exploration to establish drill targets, and ultimately securing joint venture partners to fund drilling and advanced exploration. Shareholders are exposed to the upside of a significant discovery without the dilution associated with funding the highest-risk drill-based exploration. On May 27, 2019, the Company changed its name from Centenera Mining Corporation to Latin Metals Inc. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "LMS".

The head office and principal address of the Company is Suite 2300 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3, Canada. The registered and records offices of the Company are located at Suite 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

As at October 31, 2020, the Company has working capital of $737,323 (2019 – working capital of $1,374,447) and an accumulated deficit of $9,694,921 (2019 - $9,054,381). During the year ended October 31, 2020, the Company incurred net loss of $640,540 (2019 – $807,923).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition thereof.

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

These consolidated financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have financial resources to sustain operations in the long term. There is no assurance that future financings will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

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 Interpretations Committee ("IFRIC"). The Board of Directors approved the consolidated financial statements on February 23, 2021.

2. BASIS OF PREPARATION *(Cont'd…)*

Basis of presentation (continued)

These consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities recorded at fair value, and include the accounts of the Company and its wholly-owned subsidiaries outlined under principles of consolidation. Intercompany balances and transactions are eliminated on consolidation. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Subsidiary	Proportion of Ownership Interest	Country of Incorporation	Principle Activity
Cardero Argentina S.A.	100%	Argentina	Exploration
Zafiro Mining S.A.C.	100%	Peru	Exploration
1054749 B.C. Ltd.	100%	Canada	Holding

The Company consolidates its subsidiaries on the basis that it controls the subsidiary through its ability to govern its financial and operating activities.

All intercompany transactions and balances are eliminated on consolidation.

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgement in determining whether control exists. Judgement is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

Reporting currency and foreign currency translation

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its' subsidiaries.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the consolidated financial statements.

2. BASIS OF PREPARATION *(Cont'd…)*

Exploration and evaluation assets impairment

At the end of each reporting period, the Company assesses each of its exploration and evaluation assets or cash-generating units ("CGUs") to determine whether any indication of impairment exists. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

Judgment is required in determining 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 or planned and results of exploration and evaluation activities on the exploration and evaluation assets. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency determination

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar, based on management's assessment of whether a specific subsidiary is a standalone operation or integrated with the operations of the parent company. Should management's judgment about the nature of a subsidiary differ from its actual nature, a material difference in the cumulative translation adjustment and or foreign exchange gain or loss could result.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option/warrant. Changes in these input assumptions can significantly affect the fair value estimate.

Fair value of loans

The determination of the fair value of loans requires the input of highly subjective assumptions, including the expected discount rate. Changes in the input assumptions could materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments with original maturities of three months or less from the date of purchase, that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.

Exploration and evaluation assets

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

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued. Option payments received are treated as a reduction in the carrying value of the related acquisition costs of the exploration and evaluation asset until the payments are in excess of acquisition costs, at which time they are then credited to the statements of profit or loss.

Exploration and evaluation expenditures are capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized for the related property.

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

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the Company tests the asset or CGU for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset and is classified as a component of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

Restoration and environmental obligations

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations as at and for the years presented.

Share-based payments

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

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. The Company has included total escrow shares in the calculation as they are subject to a timed release. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants in the diluted loss per common share calculation would be anti-dilutive.

Unit bifurcation

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded in reserves.

Financial instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Assessment and decision on the business model approach used is an accounting judgement.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Financial instruments (continued)

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income ("FVTOCI") is initially recognized at fair value less transaction costs directly attributable to the asset, with all subsequent changes in fair value being recognized in other comprehensive income. Under the FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss.

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This election is available for each separate investment. The Company does not have any financial assets designated as FTVOCI.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

As at October 31, 2020, the Company's financial instruments are comprised of cash, receivables net of GST, related party loans, and accounts payable and accrued liabilities.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

New standards and interpretations

<u>Adoption of Accounting Standards</u>

IFRS 16 Leases

The Company adopted IFRS 16 effective November 1, 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has applied the standard retrospectively. On initial adoption on November 1, 2019 there was no impact on the Company's assets, liabilities or profit and loss.

(Expressed in Canadian dollars)

4. EQUIPMENT

		Office Equipment
Cost		
Balance, October 31, 2018	$	21,086
Additions		-
Balance, October 31, 2019	$	21,086
Additions		-
Balance, October 31, 2020	$	21,086
Accumulated depreciation		
Balance, October 31, 2018	$	8,300
Depreciation		2,506
Balance, October 31, 2019	$	10,806
Depreciation		1,437
Balance, October 31, 2020	$	12,243
Carrying amounts		
At October 31, 2019	$	10,280
At October 31, 2020	$	8,843

5. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

Title to mineral property interests 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 conveyancing history characteristic of many mineral claims. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

Organullo Property – Argentina

Pursuant to an agreement dated October 1, 2004, between the Company and an Argentinean individual, the Company purchased a 100% interest in eight mines in Salta Province, Argentina, in consideration of the issuance of 70,000 common shares (issued).

During the year ended October 31, 2018, the Company entered into an option agreement with Yamana Gold Inc. ("Yamana") for Yamana to acquire up to a 70% interest in the Organullo property subject to receipt of certain cash payments and work commitments over a 5-year option term. In June 2020, the Company received notice, from Yamana, advising of their decision to discontinue funding exploration and to terminate the option agreement.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

Mina Angela Property – Argentina

The Company entered into an acquisition agreement in April 2004, pursuant to which the Company acquired a 100% interest in mineral concessions in Chubut Province, Argentina, subject to a 1% net smelter returns royalty ("NSR Royalty") to the vendor, in consideration of aggregate cash payments to the vendor of US$400,000 (paid). The Company owns a 100% interest in the property.

During the year ended October 31, 2019, the Company signed an offer letter with Patagonia Gold Corp. ("Patagonia") to option out the Mina Angela Property. On March 12, 2020, the Company and Patagonia entered into an Amending Agreement to extend, by six months, the date by which Patagonia must enter into the Definitive Agreement to acquire the Company's interest in the Mina Angela project. On September 12, 2020, the Company signed a definitive option agreement with Patagonia under the terms of which Patagonia is granted an irrevocable option to acquire a 100-per-cent interest in the Mina Angela property. The Company received cash payments of US$340,000 in aggregate to date from Patagonia.

To exercise the Option in full, Patagonia will be required to make additional payments to the Company in the aggregate amount of US$750,000 cash and Patagonia will be required to grant to the Company a 1.25% NSR on any future production from the Project. The commercial terms of the amended agreement are as follows:

Schedule of payments	Cash Payment (US)	Royalty Payments	Cumulative Earned Interest
Within ten days from acceptance of the offer letter (August 12, 2019)	$ 40,000 (received)	-	-
Additional payment as consideration for the extension	50,000 (received)		
Advance on first option payment	50,000 (received)		
First option payment - upon signing the definitive agreement - September 12, 2020	200,000 (received)	-	-
Second option payment - upon exercising the option March 12, 2021	250,000	-	100%
Final option payment - within thirty days of verification that the legal restrictions preventing development of mining activity in the Chubut Province and at the Project have been lifted (to Patagonia's satisfaction)	500,000	-	100%
Commencement of production on the project	-	1.25% NSR	100%

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

El Quemado – Argentina

On September 18, 2018, the Company met all of the requirements to exercise the option to acquire 100% interest in El Quemado by issuing an aggregate amount of 625,000 common shares over a period of two years, and has earned a 100% legal and beneficial interest in the El Quemado project, subject to a 2% NSR to be granted to the vendor. The Company has a right to buy one-half of the NSR for US$750,000. If the Company abandons the project after exercising the option, the project shall revert back to the vendor, subject to a 1% NSR to be granted to the Company.

Esperanza – Argentina

The Company entered into an option agreement to acquire a 100% interest in the Esperanza copper-gold porphyry deposit located in the San Juan Province, Argentina. On July 9, 2018 and amended in June 2019, the Company entered into a definitive property option agreement on the property.

Under the definitive property option agreement, the Company has the right to earn a 100% interest in the project through the payment of US$2,306,000 and the issuance of common shares in the Company valued at US$500,000 (at the time of issuance) to the vendor, as follows:

Date issued	Cash Payment (US)	Value of Shares (US)
Effective date	$ 80,000 (paid)	$ -
December 15, 2017	83,000 (paid)	-
June 15, 2018	45,000 (paid)	-
September 20, 2018	10,000 (paid)	-
October 2, 2018	10,000 (paid)	-
October 30, 2018	25,000 (paid)	-
June 15, 2019	150,000 (paid)	-
June 15, 2021(1)	300,000	-
December 15, 2021	500,000	250,000
December 15, 2022	1,103,000	250,000
Total	$ 2,306,000	$ 500,000

During the year-ended October 31, 2019, the Company made an option payment of US $150,000 ($197,910) in accordance with the payment schedule above.

(1) In the event that drilling commences at Esperanza prior to the payment date of June 15, 2021, a payment of US$150,000 will be made, which amount shall be subtracted from the US$300,000 payment due on June 15, 2021.

Upon completion of the option payments and share issuances, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the project, subject to a 2% NSR to be granted to the vendor. The Company will have a right to buy back 0.5% of the NSR for US$1,000,000, at which time the NSR payable to the vendor shall be 1.5%.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

Esperanza – Argentina *(Cont'd…)*

A finder's fee in the amount of US$172,800, is payable in common shares of the Company over six years.

Date issued	Amount (US)	Finder's Shares Issued
Within 10 business days of effective date	$15,580	17,705 (issued)
December 15, 2018	6,466	68,750 (issued)
June 15, 2019	6,528	69,409 (issued)
December 15, 2019	7,266	77,256 (issued)
June 15, 2020	7,390	105,821 (issued)
December 15, 2020	8,745	92,712 (issued)
June 15, 2021	8,745	-
December 15, 2021	41,260	-
June 15, 2022	70,820	-
Total	$172,800	431,653

Tres Cerros - Argentina

The Company entered into three option agreements, as amended on May 1, 2020 and October 30, 2020, pursuant to which the Company was granted options to acquire a 100 % interest in eight properties, which form the following groups of properties: (i) the Cerro Bayo, Cerro Bayo Sur and La Flora properties; (ii) the Aylen, Aylen Oeste and Pedro properties; and (iii) the Fiorentina & Fiorentina Norte properties, each located in Argentina. The Company can earn an initial 80% interest (the "First Option"), followed by the remaining 20% interest (the "Second Option"), subject to certain royalty conditions. The aggregate acquisition cost of the First Option for all three property groups will be USD $2,573,500 payable in cash and 14,344,000 common shares of the Company. The consideration the Company is required to pay and issue shares is as follows:

Cerro Bayo, Cerro Bayo Sur & La Flora Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	$12,500 (paid)	-	-
May 1, 2020	7,500 (paid)	175,000 (issued)	
November 1, 2020	8,750 (paid)	175,000 (issued)	
April 30, 2021	8,750	-	-
May 1, 2021	50,000	450,000	-
May 1, 2022	75,000	550,000	35%
May 1, 2023	100,000	950,000	51%
May 1, 2024	200,000	1,300,000	71%
May 1, 2025	500,000	1,800,000	80%
Total	$962,500	5,400,000	-

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US $12,500 ($16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of US $400,000 and issuing shares in the capital of the Company valued at US $400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US$1,000,000.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

Tres Cerros – Argentina *(Cont'd…)*

Aylen, Aylen Oeste and Pedro

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	$12,500 (paid)	-	-
May 1, 2020	7,500 (paid)	175,000 (issued)	
November 1, 2020	8,750 (paid)	175,000 (issued)	
April 30, 2021	8,750	-	
May 1, 2021	50,000	450,000	-
May 1, 2022	75,000	550,000	35%
May 1, 2023	100,000	950,000	51%
May 1, 2024	200,000	1,300,000	71%
May 1, 2025	500,000	1,800,000	80%
Total	$962,500	5,400,000	-

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US $12,500 ($16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of US $400,000 and issuing shares in the capital of the Company valued at US $400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US $1,000,000.

Fiorentina & Fiorentina Norte Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	$12,500 (paid)	-	-
May 1, 2020	5,100 (paid)	117,500 (issued)	
November 1, 2020	5,950 (paid)	117,500 (issued)	
April 30, 2021	5,950	-	
May 1, 2021	34,000	300,000	-
May 1, 2022	50,000	370,000	35%
May 1, 2023	67,000	635,000	51%
May 1, 2024	134,000	870,000	71%
May 1, 2025	334,000	1,134,000	80%
Total	$648,500	3,544,000	-

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US $12,500 ($16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of US $400,000 and issuing shares in the capital of the Company valued at US $400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US $1,000,000.

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

Lacsha Property – Peru

The Company acquired the Lacsha copper property by staking. The 100% owned property consists of 4,000 hectares and is located 110 km from Lima Peru.

Auquis Property – Peru

The Company acquired the Auquis copper property by staking. The 100% owned property consists of 2,900 hectares and is located 377 km south of Lima Peru.

Jacha Property – Peru

The Company acquired the Jacha copper property by staking. The 100% owned property consists of 2,200 hectares and is located 150 km from Cuzco and is accessible year-round by paved and unpaved road.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Cont'd…)*

	Organullo Argentina	Mina Angela Argentina	El Quemado Argentina	Esperanza Argentina	Tres Cerros Argentina	Lacsha Peru	Auquis Peru	Jacha Peru	Total
Balance, October 31, 2018	**$ -**	**$ 27,663**	**$ 576,927**	**$ 2,666,935**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,271,525**
Acquisition costs									
Cash payments	-	-	-	197,910	-	-	-	-	197,910
Cash proceeds	(132,000)	(52,936)	-	-	-	-	-	-	(184,936)
Total acquisition costs for the year	(132,000)	(52,936)	-	197,910	-	-	-	-	12,974
Deferred exploration costs									
Camp Costs	-	-	-	128,286	-	-	-	-	128,286
Claim maintenance	-	3,277	8,359	-	376	-	-	-	12,012
Total exploration costs for the year	-	3,277	8,359	128,286	376	-	-	-	140,298
Recovery	132,000	21,996	-	-	-	-	-	-	153,996
Balance, October 31, 2019	**$ -**	**$ -**	**$ 585,286**	**$ 2,993,131**	**$ 376**	**$ -**	**$ -**	**$ -**	**$ 3,578,793**
Acquisition costs									
Shares issued, fair value	-	-	-	-	81,753	-	-	-	81,753
Shares issued for finder's fees, fair value	-	-	-	33,749	-	-	-	-	33,749
Cash payments	-	-	-	-	27,000	27,799	18,279	14,219	87,297
Cash proceeds	-	(441,452)	-	-	-	-	-	-	(441,452)
Total acquisition costs for the year	-	(441,452)	-	33,749	108,753	27,799	18,279	14,219	(238,653)
Deferred exploration costs									
Field expenses	16,188	1,946	-	248	15,717	5,036	4,467	-	43,602
Geological Consulting	-	-	-	9,848	37,846	7,934	7,933	-	63,561
Claim maintenance	-	41,742	11,989	7,848	2,514	-	-	-	64,093
Total exploration costs for the year	16,188	43,688	11,989	17,944	56,077	12,970	12,400	-	171,256
Recovery	-	397,764	-	-	-	-	-	-	397,764
Balance, October 31, 2020	**$ 16,188**	**$ -**	**$ 597,275**	**$ 3,044,824**	**$ 165,206**	**$ 40,769**	**$ 30,679**	**$ 14,219**	**$ 3,909,160**

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES

a. Authorized

Unlimited number of voting common shares without nominal or par value.

b. Share issuances

During the year ended October 31, 2020, the Company issued the following shares:

- The Company issued an aggregate of 934,500 common shares for property acquisition, fair-valued at a weighted average price per share of $0.09 or $81,753 in aggregate (note 5 - Tres Cerros - Argentina). The fair value per share was based on the listed market price of the Company's common shares at the date of issuance.

- The Company issued 321,236 common shares for a finders' fee on a property acquisition, fair-valued at a weighted average price per share of $0.11 or $33,749 in aggregate (note 5 – Esperanza – Argentina). The fair value per share was based on the listed market price of the Company's common shares at the last trading date immediately preceding the agreed upon payment date.

During the year ended October 31, 2019, the Company issued the following Shares:

- On June 19, 2019, the Company completed a non-brokered private. The Company issued a total of 24,798,000 shares priced at $0.125 per share for gross proceeds $3,099,750. The Company paid finders fees on a portion of the financing of $125,874 cash share issuance costs and 872,900 broker warrants, fair-valued at $42,315 using the Black-Scholes option model, which entitles the holder to purchase one common share of the Company for $0.125 for a period of 12 months from the closing of the financing.

c. Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Such options will be exercisable for a period of up to five years from the date of grant. Vesting of stock options is at the discretion of the Board of Directors.

Stock option transactions are summarized as follows:

	October 31, 2020		**October 31, 2019**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	-	$ -	2,027,500	$ 0.76
Granted	4,715,000	$ 0.13	-	$ -
Cancelled	-	$ -	(2,027,500)	$ -
Expired / Forfeited	(100,000)	$ 0.13	-	$ -
Option outstanding, end of the year	4,615,000	$ 0.13	-	$ -

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES *(Cont'd…)*

c. Stock options *(Cont'd…)*

As at October 31, 2020, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Remaining life in years
4,400,000	$0.13	November 19, 2019	2.05
45,000	$0.06	June 8, 2020	2.60
70,000	$0.14	August 31, 2020	2.80
100,000	$0.14	October 1, 2020	2.90
4,615,000	$0.13		2.09

The weighted average remaining contractual life of options outstanding at October 31, 2020 was 2.09 (2019 - Nil) years.

The Company uses the Black-Scholes option pricing model to fair-value stock options granted and compensatory warrants issued. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used:

	October 31, 2020
Risk-free interest rate	1.45%
Expected life of options	3
Annualized volatility	107%
Dividend rate	0%
Forfeiture rate	0%

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected life of options is the average expected period to exercise. Volatility is based on available historical volatility of the Company's share price.

Share-based compensation expense for the year ended October 31, 2020 totaled $379,350 (2019 - $Nil).

d. Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each warrant.

Warrants outstanding as at October 31, 2020 are as follows:

Number of Warrants	**Exercise Price**	**Expiry Date**
1,095,083	$ 0.80	July 4, 2021
357,144	$0.56	June 15, 2021
1,452,227		

The weighted average remaining contractual life of warrants outstanding at October 31, 2020, was 0.66 (2019 – 1.04) year.

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES *(Cont'd…)*

d. Warrants *(Cont'd…)*

Warrants transactions are as follows:

	October 31, 2020		**October 31, 2019**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the year	2,325,127	$ 0.51	2,900,804	$ 0.96
Warrants issued – attached to units	-	$ -	-	$ -
Warrants issued – loans from related parties	-	$ -	-	$ -
Warrants issued – finders'	-	$ -	872,900	$ 0.13
Expired	(872,900)	$ 0.13	(1,448,577)	$ 1.20
Warrants outstanding, end of the year	1,452,227	$ 0.74	2,325,127	$ 0.51

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company's key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel comprises officers and directors of the Company. Key management personnel compensation is as follows:

For the years ended October 31	**2020**	**2019**
Directors' fees, salaries and benefits	$ 142,283	$ 150,000
Consulting fees	41,000	50,000
Share-based compensation	326,715	-
	$ 509,998	$ 200,000

As at October 31, 2020 the Company had amounts payable to key management personnel of $8,952 included in accounts payable (2019 - $Nil).

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the years ended October 31, 2020 and 2019.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS *(Cont'd…)*

Loans from related parties

During the year ended October 31, 2018, the Company secured loans in the amount of $100,000 from each of the CEO and a director of the Company totalling $200,000 (the "Loans"). The Loans have a three-year term and bear interest at the rate of 5% per annum compounded annually, payable on the maturity date. In connection with the Loans, the Company issued 178,571 common share purchase warrants to each of the lenders. Each warrant entitles the holder to purchase one common share of the Company for a period of three years at an exercise price of $0.56 per share.

On inception, the Company allocated the total proceeds received between the liability and equity components (warrants) using the residual method, based on a discount rate of 17%, which is the estimated cost at which the Company could borrow similar debt without any equity instruments attached. The liability component is measured at amortized cost and is accrued over the term to maturity using the effective interest method. The equity component is presented as a component of shareholders' equity.

The continuity of the Loans is as follows:

		2020		2019
Opening balance	$	162,358	$	146,304
Accretion to face value of the Loans – finance costs		17,864		16,054
Ending balance	$	180,222	$	162,358

During the year ended October 31, 2020 the Company accrued interest expense in connection with the Loans in the amount of $10,000 (2019 - $10,000), which is presented as part of finance costs and included in accounts payable and accrued liabilities.

During the year ended October 31, 2019, the Company obtained additional financing from related parties of $197,758 of which $197,610 has been repaid as of October 31, 2019. These loans were interest-free and did not contain specific terms of repayment.

Subsequent to October 31, 2020, the Company repaid in full the loans from related parties plus accrued interest in the total amount of $225,286.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2020		2019
Exploration and evaluation assets in accounts payable and accrued liabilities	$	28,597	$	18,218
Fair value of finder's warrants		-		42,315
Shares issued for property acquisition		81,753		-
Shares issued for finder' fees - mineral exploration properties		33,749		-

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended October 31, 2020 and 2019, is as follows:

	2020	2019
Loss for the year	$ (640,540)	$ (807,923)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(172,946)	(218,139)
Non-deductible, deductible and other items	102,425	-
Differences between Canadian and foreign tax rates	6,666	(4,926)
Change in timing differences	(89,973)	(18,451)
Effect of change in tax rates	-	(105,012)
Under(over) provided in prior years	5,021	(8,825)
Unused tax losses and tax offsets	148,807	355,353
Income tax expense	$ -	$ -

Significant tax benefits and unused tax losses for which no deferred tax asset is recognized as of October 31, are as follows:

	2020	2019
Deferred income tax asset from non-capital losses	$ 961,389	$ 932,155
Deferred income tax liability from exploration and evaluation assets	(961,389)	(932,155)
Net deferred income tax assets	$ -	$ -

The significant components of the Company's unrecognized deferred income tax assets as at October 31, 2020, and 2019 are as follows:

	2020	2019
Losses carried forward	$ 852,691	$ 948,989
Exploration and evaluation assets	3,311,381	3,118,130
Equipment	13,887	12,450
Share issue costs	111,166	143,344
Net deferred income tax assets not recognized	$ 4,289,125	$ 4,222,913

At October 31, 2020, the Company has $8,737,449 in non-capital losses for Canadian and Argentinean tax purposes. These losses, if not utilized, will expire between 2021 and 2040. Future tax benefits that may arise as a result of these non-capital losses have not been recognized in these consolidated financial statements due to the uncertainty of their realization.

10. CONTINGENCY

Due to the nature of its business, the Company and/or its subsidiaries and affiliates may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. While the Company cannot reasonably predict the ultimate outcome of these actions, and inherent uncertainties exist in predicting such outcomes, the Company believes that the ultimate resolution of these actions is not reasonably likely to have a material adverse effect on the Company's financial condition or future results of operations.

11. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL

Fair value

The fair values of the Company's receivables, net of input tax credits, loans from related parties, and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents have been fair valued using Level 1 of the fair value hierarchy.

Financial risk management

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, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and receivables. Cash and cash equivalents are maintained with financial institutions of reputable credit and are redeemable on demand.

The carrying amount of the receivables, represents the maximum credit exposure.

11. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL *(Cont'd…)*

Financial risk management *(Cont'd…)*

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 is engaged in ongoing evaluation of opportunities to improve its financial position which includes, but is not limited to, additional equity financings, obtaining exploration partners and/or the sale of assets. At October 31, 2020, the Company has working capital of $737,323 (2019 – working capital deficit of $1,374,447). At October 31, 2020, the Company had accounts payable and accrued liabilities of $153,257 (2019 - $148,481, which are due within 30 days of year-end and loan from related parties of $180,222 (2019 - $Nil) payable on or before June 15, 2021.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt subject to variable interest. Accordingly, the Company does not believe it is exposed to significant interest rate risk on its cash balances which are held in accounts subject to variable rates.

Foreign exchange risk

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States, Argentinean and Peruvian currencies. The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profit or loss of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

Price risk

The Company is exposed to price risk with respect to commodity prices, particularly those included in its exploration and evaluation asset portfolio. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Management of capital

The Company's objectives in managing its capital (items included in shareholders' equity) are to fund acquisition, exploration and development of its exploration and evaluation assets and to meet its administrative and corporate activities to ensure that the Company continues as a going concern.

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has historically relied on equity financings to raise sufficient funds to carry out its exploration and acquisition activities and pay its administrative costs. Therefore, the Company intends to raise additional funds as required to carry out its planned activities.

(Expressed in Canadian dollars)

11. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL *(Cont'd…)*

Management of capital *(Cont'd…)*

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to manage its capital requirements management has put into place a planning and budgeting process.

The Company is not subject to any externally imposed capital requirements or restrictions, and there were no changes to the Company's approach to managing capital during the years ended October 31, 2020, and 2019.

12. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and Argentina. The significant long-term asset categories identifiable with these geographical areas are as follows:

	October 31, 2020			
	Canada	**Argentina**	**Peru**	**Total**
Exploration and evaluation assets	$ -	$ 3,823,493	$ 85,667	$ 3,909,160
Equipment	2,886	5,957	-	8,843
Total long-term assets	$ 2,886	$ 3,829,450	$ 85,667	$ 3,918,003

	October 31, 2019		
	Canada	**Argentina**	**Total**
Exploration and evaluation assets	$ -	$ 3,578,793	$ 3,578,793
Equipment	4,123	6,157	10,280
Total long-term assets	$ 4,123	$ 3,584,950	$ 3,589,073

13. SUBSEQUENT EVENTS

a. On December 15, 2020 the company issued 92,712 common shares as finder's fees on the Esperanza property.

b. On January 13, 2021, the Company granted 150,000 share purchase options to officers, directors and consultants at an exercise price of $0.16 for a period of three years.

(Expressed in Canadian dollars)

13. SUBSEQUENT EVENTS *(Cont'd…)*

c. On January 26, the Company announced that it had signed a binding letter agreement with Libero Copper and Gold Corporation ("Libero") (TSXV: LBC), pursuant to which and subject to TSX-V acceptance, Libero has been granted an option to acquire a 70% interest in the Esperanza copper gold project.

In order to exercise the option, Libero will be required to make cash payments in the aggregate of US$2,403,000 and incur exploration expenditures on Esperanza project of US$2,000,000 as detailed in the table below.

Date	Assumed Cash Payments due under Underlying Option Agreement (US)	Cash payments to the Company (US)	Exploration Expenditures (US)
June 15, 2021	$ 300,000	$ -	$ -
December 15, 2021	500,000	250,000	1,000,000
December 15, 2022	1,103,000	250,000	1,000,000
Total	$ 1,903,000	$ 500,000	$ 2,000,000

Upon the exercise of the option, Libero and the Company will be deemed to have formed a joint venture for the continued exploration and development of the Esperanza project, in respect of which the initial participating interests of the parties shall be Libero as to 70%, and the Company as to 30%.

During the term of the letter agreement before the exercise of the option, if either Libero or the Company acquires an interest in a property (the "Additional Property") located within or partially within the Esperanza project or a 10 km area of interest extending from the outermost exterior boundaries of the project, the non-acquiring party may elect that such Additional Property be included in the project, in which case the non-acquiring party would be required to reimburse the acquiring party for 70% (Libero) or 30% (the Company) of the acquisition costs of such Additional Property, as applicable.

A finder's fee of up to 555,000 common shares in the capital of the Company is payable to Vector Geological Solutions Inc. in connection with the Agreement.