



# LATIN METALS INC.

(An Exploration Stage Company)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**For the years ended October 31, 2021 and 2020**

**Corporate Head Office**

Suite 890 – 999 West Hastings Street  
Vancouver, British Columbia  
V6C 2W2  
Tel: 604-408-7488

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## 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, 2021 and 2020;
- ♦ 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, 2021 and 2020, 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 \$462,684 during the year ended October 31, 2021 and has an accumulated deficit of \$10,157,605 as of that date. 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**

600 - 19933 88 Ave  
Langley, BC V2Y 4K5  
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 audits. 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.
- ♦ 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.

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Vancouver, BC V6C 2B3  
T: 604 687 1231  
F: 604 688 4675

**Langley**

600 - 19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

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Nanaimo, BC V9S 1H1  
T: 250 755 2111  
F: 250 984 0886



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 22, 2022

**Vancouver**

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

**Langley**

600 - 19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

**Nanaimo**

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**LATIN METALS INC.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	<b>October 31, 2021</b>	<b>October 31, 2020</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 858,197	\$ 1,019,753
Receivables	14,966	10,678
Prepaid expenses	50,753	40,371
	<u>923,916</u>	<u>1,070,802</u>
<b>Equipment</b> (note 4)	14,870	8,843
<b>Exploration and evaluation assets</b> (note 5)	<u>4,979,753</u>	<u>3,909,160</u>
<b>Total Assets</b>	<b>\$ 5,918,539</b>	<b>\$ 4,988,805</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 143,218	\$ 153,257
Loans from related parties (note 7)	-	180,222
	<u>143,218</u>	<u>333,479</u>
<b>Shareholders' Equity</b>		
Share capital (note 6)	13,661,888	12,178,756
Reserves (note 6)	2,271,038	2,171,491
Deficit	<u>(10,157,605)</u>	<u>(9,694,921)</u>
Total Shareholders' Equity	<u>5,775,321</u>	<u>4,655,326</u>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 5,918,539</b>	<b>\$ 4,988,805</b>

Nature of operations and going concern (note 1)

Subsequent events (notes 5 and 13)

Approved on behalf of the Board of Directors on February 22, 2022

“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

	2021	2020
<b>Operating expenses (recoveries)</b>		
Consulting fees (note 7)	\$ 202,973	\$ 166,134
Depreciation	1,621	1,437
Impairment loss on VAT receivable and other	7,396	23,645
Investor relations and promotion	70,463	26,333
Office and general	122,903	98,387
Professional fees	110,336	88,941
Property investigation costs	75,480	31,245
Recoveries of exploration and evaluation assets (note 5)	(271,086)	(397,764)
Regulatory and transfer agent	30,470	33,012
Salaries, benefits, and directors' fees (note 7)	185,916	171,702
Share-based compensation (notes 6 and 7)	53,707	379,350
Travel	1,271	6,614
<b>Loss from operations</b>	<b>(591,450)</b>	<b>(629,036)</b>
<b>Other items</b>		
Interest income	-	13,296
Finance costs (note 7)	(20,943)	(27,864)
Foreign exchange gain	149,709	3,064
	128,766	(11,504)
<b>Loss and comprehensive loss for the year</b>	<b>\$ (462,684)</b>	<b>\$ (640,540)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>		
– basic and diluted	<b>48,133,698</b>	<b>45,888,933</b>

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



(An Exploration Stage Company)

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total Shareholders' Equity
	Shares	Amount			
<b>Balance, October 31, 2019</b>	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	-	-	379,350	-	379,350
Net loss for the year	-	-	-	(640,540)	(640,540)
<b>Balance, October 31, 2020</b>	46,710,480	\$ 12,178,756	\$ 2,171,491	\$ (9,694,921)	\$ 4,655,326
Shares issued for cash:					
Private placement	8,666,667	1,300,000	-	-	1,300,000
Share issue costs	-	(84,761)	10,586	-	(74,175)
Shares issued for non-cash:					
Property acquisition	1,200,000	174,000	-	-	174,000
Property acquisition – finders' fees	718,494	93,893	-	-	93,893
Share-based compensation	-	-	88,961	-	88,961
Net loss for the year	-	-	-	(462,684)	(462,684)
<b>Balance, October 31, 2021</b>	57,295,641	\$ 13,661,888	\$ 2,271,038	\$ (10,157,605)	\$ 5,775,321

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

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (462,684)	\$ (640,540)
Items not affecting cash:		
Depreciation	1,621	1,437
Finance costs – accretion of loans	19,778	17,864
Recovery of exploration and evaluation assets	(271,086)	(397,764)
Share-based compensation	53,707	379,350
Changes in non-cash working capital items:		
Receivables	(4,288)	17,342
Prepaid expenses	(10,382)	(3,116)
Accounts payable and accrued liabilities	(13,607)	(5,751)
Net cash used in operating activities	<u>(686,941)</u>	<u>(631,178)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(7,648)	-
Option proceeds from exploration and evaluation assets	511,302	441,452
Expenditures on exploration and evaluation assets	<u>(1,004,094)</u>	<u>(248,174)</u>
Net cash used in investing activities	<u>(500,440)</u>	<u>193,278</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement, net of share issue costs	1,225,825	-
Repayment of loans to related parties	<u>(200,000)</u>	<u>-</u>
Net cash from financing activities	<u>1,025,825</u>	<u>-</u>
<b>Change in cash and cash equivalents for the year</b>	<b>(161,556)</b>	<b>(437,900)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b><u>1,019,753</u></b>	<b><u>1,457,653</u></b>
<b>Cash and cash equivalents, end of the year</b>	<b><u>\$ 858,197</u></b>	<b><u>\$ 1,019,753</u></b>

Supplemental disclosure with respect to cash flows (note 8)

(An Exploration Stage Company)

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Years ended October 31, 2021 and 2020**

(Expressed in Canadian dollars)

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### **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 a low 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. The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “LMS”.

The head office and principal address of the Company is Suite 890 – 999 West Hastings Street, Vancouver, BC, V6C 2W2, 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, 2021, the Company has working capital of \$780,698 (October 31, 2020 – \$737,323) and an accumulated deficit of \$10,157,605 (October 31, 2020 - \$9,694,921). The Company recorded a net loss of \$462,684 for the year ended October 31, 2021 (October 31, 2020 - \$640,540).

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.

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. On October 7, 2021, the Company closed a non-brokered private placement of 8,666,667 units in the capital of the Company at \$0.15 per unit for gross proceeds of \$1,300,000 (note 6). There is no assurance, however, 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 audited 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 22, 2022.

**2. BASIS OF PREPARATION** *(Cont'd...)***Basis of presentation** *(Cont'd...)*

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. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Certain comparative period amounts have been reclassified to conform to the current period presentation.

**Principles of consolidation**

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

<b>Subsidiary</b>	<b>Proportion of Ownership Interest</b>	<b>Country of Incorporation</b>	<b>Principle Activity</b>
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 judgment in determining whether control exists. Judgment 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 and functional currency**

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

**Significant accounting judgments, estimates and assumptions**

Estimates and judgments are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are continuously evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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...)***Significant accounting judgments, estimates and assumptions** *(Cont'd...)*

The Company considered the impact of the COVID-19 pandemic on the significant judgments, estimates and assumptions made in these consolidated financial statements and determined that the effects of COVID-19 did not have a material impact on the estimates and judgments applied.

***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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

Cash and cash equivalents include 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 credited to 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**

The Company recognizes financial asset and financial liabilities when it becomes a party to the contractual provisions creating the asset or the liability.

#### Financial Assets

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 judgment.

#### *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 plus 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 applicable.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Cont'd...)***Financial instruments** *(Cont'd...)**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 plus 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 FVTOCI.

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

A financial asset measured at FVTPL 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 classified at initial recognition as either: measured at amortized cost or FVTPL. On initial recognition, all financial liabilities are recorded by the Company at fair value, plus attributable transaction costs, except for financial liabilities classified as FVTPL for which transaction costs are expensed in the period in which they are incurred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value

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.

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**4. EQUIPMENT**

	<b>Office Equipment</b>
<i>Cost</i>	
<b>Balance, October 31, 2019</b>	\$ 21,086
Additions	-
<b>Balance, October 31, 2020</b>	\$ 21,086
Additions	7,648
<b>Balance, October 31, 2021</b>	<b>\$ 28,734</b>
<i>Accumulated depreciation</i>	
<b>Balance, October 31, 2019</b>	\$ 10,806
Depreciation	1,437
<b>Balance, October 31, 2020</b>	\$ 12,243
Depreciation	1,621
<b>Balance, October 31, 2021</b>	<b>\$ 13,864</b>
<i>Carrying amounts</i>	
At October 31, 2020	\$ 8,843
<b>At October 31, 2021</b>	<b>\$ 14,870</b>

**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.

**5. EXPLORATION AND EVALUATION ASSETS** *(Cont'd...)***Organullo Property – Argentina** *(Cont'd...)**Non-binding letter of intent with AngloGold Ashanti*

On September 1, 2021, the Company entered into a non-binding letter of intent (the "LOI") LOI with AngloGold Ashanti ("AngloGold") regarding the Company's Organullo, Ana Maria, and Trigal Gold projects located in Salta Province, northwestern Argentina. The LOI provides the parties with a 90-day period, as extended with an additional 91-day period, to negotiate and, if deemed advisable, enter into a definitive agreement, through which the parties contemplate that AngloGold will be granted the option to acquire up to an 80% interest in the projects.

The LOI contemplates that upon execution of a definitive agreement AngloGold will be granted the option to earn an initial 75% interest in the projects by making cash payments to the Company in the aggregate of US\$ 2,550,000 and spending in the aggregate of US\$10,000,000 on exploration expenditures within five years of the execution and delivery of a definitive agreement. The LOI contemplates that AngloGold will have the opportunity to increase its interest in the projects to 80% by:

- preparing an independent mineral resource estimate in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects on one or more of the projects ("NI 43-101"); and
- paying to the Company an amount of US\$ 4.65 per gold equivalent ounce contained within the measured and indicated mineral resource.

**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, known as Mina Angela, 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. The Company owns a 100% interest in the property.

On August 2, 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 agreed 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 % interest in the Mina Angela property.

On March 12, 2021, the Company received an option exercise notice from Patagonia and on April 7, 2021, the Company received US\$250,000 from Patagonia on closing of the Mina Angela property transfer.

**5. EXPLORATION AND EVALUATION ASSETS** *(Cont'd...)***Mina Angela Property – Argentina** *(Cont'd...)*

As of October 31, 2021, the Company received in aggregate US\$ 590,000 from Patagonia, pursuant to the option agreement for Mina Angela. A final payment of US\$ 500,000 is due to be paid within thirty days of verification that the legal restrictions preventing development of mining activity in the Chubut Province and at the Mina Angela property have been lifted.

The Company is entitled to receive a 1.25% net smelter returns royalty on any future production from the Mina Angela property, half of which royalty can be repurchased by Patagonia from the Company at any time for cash consideration of US\$1,000,000.

**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**

On July 9, 2018 and amended on June 15, 2019, the Company entered into a definitive property option agreement to acquire a 100% interest in the Esperanza copper-gold porphyry deposit located in the San Juan Province, Argentina.

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. The definitive property option agreement was amended on May 13, 2021, whereby all cash and share payments after June 15, 2021 are conditional on the granting of a drill permit by the authorities of the Government of the Province of San Juan.

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

**Esperanza – Argentina (Cont'd...)**

The revised payment terms are as follows:

Date issued	Payments in cash (US)	Payments in 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 14, 2021 <sup>(1)</sup>	220,000 (paid)	-
30 days after the date of the grant of the Drilling Permit <sup>(2)</sup> (the “Permit grant date”)	200,000	-
6 months after the Permit grant date	250,000	-
12 months after Permit grant date	350,000	-
18 months after Permit grant date	433,000	250,000
24 months after Permit grant date	450,000	250,000
<b>Total</b>	<b>\$ 2,306,000</b>	<b>\$ 500,000</b>

(1) Under the terms of the underlying option agreement, this payment was made by the Company in Argentinean pesos in the amount of 22,000,000 peso.

(2) “Drilling Permit” means, collectively, the authorizations from the authorities of the government of the Province of San Juan necessary to allow the start of drilling on the Esperanza property.

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%.

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	70,782 (issued)
December 15, 2021	41,260	390,656 (issued – note 13)
June 15, 2022	70,820	-
<b>Total</b>	<b>\$172,800</b>	<b>893,091</b>

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

**Esperanza – Argentina** *(Cont'd...)*

On January 20, 2021, the Company signed a binding letter agreement with Libero Copper and Gold Corporation (“Libero”), pursuant to which the Company granted Libero 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 in the aggregate of US\$2,000,000 over two years.

On May 26, 2021, the Company and Libero amended the letter agreement to align the schedule of payments with the amended option agreement with the underlying owners and modify the timing of exploration expenditure commitments accordingly. The amended agreement terms are outlined below:

Date	Cash payments due pursuant to underlying option agreement (US)	Cash payments to the Company (US)	Exploration expenditures (US)
June 14, 2021 <sup>(1)</sup>	\$ 220,000 (received)	\$ -	\$ -
December 15, 2021	-	250,000 (received)	-
30 days after the date of the grant of the Drilling Permit <sup>(2)</sup> (the “Permit grant date”)	200,000	-	-
6 months after the Permit grant date	250,000	-	-
12 months after the Permit grant date	350,000	250,000	1,000,000
18 months after the Permit grant date	433,000	-	-
24 months after the Permit grant date	450,000	-	1,000,000
<b>Total</b>	<b>\$ 1,903,000</b>	<b>\$ 500,000</b>	<b>\$ 2,000,000</b>

(1) Under the terms of the underlying option agreement, this payment was made by the Company in Argentinean pesos, thereby the amount paid by Libero to the Company in United States dollars was adjusted accordingly.

(2) “Drilling Permit” means, collectively, the authorizations from the authorities of the government of the Province of San Juan necessary to allow the start of drilling on the Esperanza property.

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 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.

In connection with the agreement with Libero, the Company issued 555,000 common shares at \$0.13 as finder’s fees.

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

**Tres Cerros - Argentina**

On February 8, 2019, the Company entered into three definitive 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, subject to certain royalty conditions. The eight properties form the following three groups of properties:

- the Cerro Bayo, Cerro Bayo Sur and Flora Este properties;
- the Aylene, Aylene Oeste and Pedro properties; and
- the Fiorentina & Fiorentina Norte properties.

The Company can earn an initial 80% interest (the “First Option”), followed by the remaining 20% interest (the “Second Option”), by making staged cash and common shares payments.

On April 30, 2021, and May 13, 2021, the Company and the underlying holders of the properties further amended the three option agreements extending the date of option payments to May 5, 2021, and replacing the aggregate number of the 12,209,000 Company’s common shares due to be issued in years 2022 through 2025, by an aggregate value of US\$1,702,610 of common shares to be issued in years 2022 through 2025. In addition, the new terms of the agreements provide the Company with the option to make cash payments in lieu of any future share issuances.

Following the latest amendment of the option agreements, the aggregate acquisition cost of the First Option for all three property groups will be US\$2,573,500 in cash payments, US\$1,702,610 payable, at the Company’s option, in common shares of the Company or cash, and issuance of 2,135,000 common shares of the Company to the vendors, all over a period of six years.

In addition, as part of the earn-in commitment for each property group, the Company is required to deliver a single technical report in accordance with NI 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), with the subject property being the more advanced of the properties in each of the property groups.

Details on the consideration the Company is required to pay and issue shares in respect to the First Option are as follows:

*Cerro Bayo, Cerro Bayo Sur & Flora Este*

Date	Payments in cash (US)	Shares	Payments in shares or cash (US)	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 (extended to May 5, 2021)	8,750 (paid)	-	-	-
May 1, 2021 (extended to May 5, 2021)	50,000 (paid)	450,000 (issued)	-	-
May 1, 2022	75,000	-	77,334	35%
May 1, 2023	100,000	-	133,577	51%
May 1, 2024	200,000	-	182,789	71%
May 1, 2025	500,000	-	253,093	80%
<b>Total</b>	<b>\$962,500</b>	<b>800,000</b>	<b>\$ 646,793</b>	<b>80%</b>

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

**Tres Cerros – Argentina (Cont'd...)**

*Aylen, Aylen Oeste and Pedro*

Date	Payments in cash (US)	Shares	Payments in shares or cash (US)	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 (payment extended to May 5, 2021)	8,750 (paid)	-	-	-
May 1, 2021 (payment extended to May 5, 2021)	50,000 (paid)	450,000 (issued)	-	-
May 1, 2022	75,000	-	77,334	35%
May 1, 2023	100,000	-	133,577	51%
May 1, 2024	200,000	-	182,789	71%
May 1, 2025	500,000	-	239,032	80%
<b>Total</b>	<b>\$962,500</b>	<b>800,000</b>	<b>\$ 632,732</b>	<b>80%</b>

*Fiorentina & Fiorentina Norte*

Date	Payments in cash (US)	Shares	Payments in shares or cash (US)	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 (payment extended to May 5, 2021)	5,950 (paid)	-	-	-
May 1, 2021 (payment extended to May 5, 2021)	34,000 (paid)	300,000 (issued)	-	-
May 1, 2022	50,000	-	52,025	35%
May 1, 2023	67,000	-	89,285	51%
May 1, 2024	134,000	-	122,328	71%
May 1, 2025	334,000	-	159,448	80%
<b>Total</b>	<b>\$648,500</b>	<b>535,000</b>	<b>\$ 423,086</b>	<b>80%</b>

**5. EXPLORATION AND EVALUATION ASSETS** *(Cont'd...)***Tres Cerros – Argentina** *(Cont'd...)**Second Option*

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 underlying owners. Acquisition of 100% is 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.

If the Company elects not to exercise the Second Option, the parties will be deemed to have entered into a joint venture, with the initial participating interests of the Company being 80% and the vendors being 20%. If either party's participating interest falls below 10% then that party's interest will be converted to a 1% NSR Royalty, one half of which (0.5%) can be purchased by the other party for US\$ 1,000,000.

On February 22, 2022, the Company and the underlying owner of the properties further amended the option agreement for Cerro Bayo, Cerro Bayo Sur and Flora Este properties. Under the terms of the amended agreement, the Second Option payment of US\$ 400,000 payable in common shares, shall be payable in common shares of the Company, or in cash at the Company's option. No amendments were made to the other two property groups of Tres Cerros.

**Lacsha Property – Peru**

The Company acquired the Lacsha copper property by staking. The 100% owned property consists of 4,000 hectares and is located in the northern Lima-Ica portion of the Coastal Copper Belt, 110 km from Lima, Peru.

**Auquis Property – Peru**

The Company acquired the Auquis copper property by staking. The 100% owned property consists of 3,600 hectares and is located in the northern Lima-Ica portion of the Coastal Copper Belt, 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.

**Yanba Property – Peru**

The Company acquired the Yanba copper property by staking. The 100% owned property consists of 4,000 hectares and is located 91 km north of Lima and 20 km north-west from Lacsha property.

**Lolli, Tilo, Para Property group – Peru**

The Company acquired the three copper exploration projects by staking. The 100% owned projects cover 5,000 hectares and are located in the Coastal Copper Belt, Peru. The projects are located approximately 130 km southwest of the Company's Lacsha copper project.

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

**Exploration and evaluation assets continuity**

	ARGENTINA	PERU	TOTAL
<b>Balance, October 31, 2019</b>	<b>\$ 3,578,793</b>	<b>\$ -</b>	<b>\$ 3,578,793</b>
<i>Acquisition costs</i>			
Shares issued, fair value	81,753	-	81,753
Shares issued for finder's fees, fair value	33,749	-	33,749
Cash payments	27,000	60,297	87,297
Cash proceeds	(441,452)	-	(441,452)
Claim maintenance and legal fees	64,093	-	64,093
Total acquisition costs (recoveries) for the year	(234,857)	60,297	(174,560)
<i>Exploration costs</i>			
Field expenses	34,099	9,503	43,602
Geological consulting	47,694	15,867	63,561
Total exploration costs for the year	81,793	25,370	107,163
Recovery	397,764	-	397,764
<b>Balance, October 31, 2020</b>	<b>\$ 3,823,493</b>	<b>\$ 85,667</b>	<b>\$ 3,909,160</b>
<i>Acquisition costs</i>			
Shares issued, fair value	174,000	-	174,000
Shares issued for finder's fees, fair value	93,893	-	93,893
Cash payments	516,400	35,889	552,289
Cash proceeds	(511,302)	-	(511,302)
Claim maintenance and legal fees	141,945	43,456	185,401
Total acquisition costs for the year	414,936	79,345	494,281
<i>Exploration costs</i>			
Community relations	-	1,122	1,122
Field expenses	-	71,438	71,438
Geological consulting	22,673	147,663	170,336
Geochemical	4,345	22,731	27,076
Share-based compensation	-	35,254	35,254
Total exploration costs for the year	27,018	278,208	305,226
Recovery	271,086	-	271,086
<b>Balance, October 31, 2021</b>	<b>\$ 4,536,533</b>	<b>\$ 443,220</b>	<b>\$ 4,979,753</b>



**LATIN METALS INC.**

(An Exploration Stage Company)

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

**Exploration and evaluation assets continuity (Cont'd...)**

ARGENTINIAN EXPLORATION PROPERTIES	Organullo Argentina	Mina Angela Argentina	El Quemado Argentina	Esperanza Argentina	Tres Cerros Argentina	TOTAL Argentina
<b>Balance, October 31, 2019</b>	\$ -	\$ -	\$ 585,286	\$ 2,993,131	\$ 376	\$ 3,578,793
<i>Acquisition costs</i>						
Shares issued, fair value	-	-	-	-	81,753	81,753
Shares issued for finder's fees, fair value	-	-	-	33,749	-	33,749
Cash payments	-	-	-	-	27,000	27,000
Cash proceeds	-	(441,452)	-	-	-	(441,452)
Claim maintenance and legal fees	-	41,742	11,989	7,848	2,514	64,093
Total acquisition costs for the year	-	(399,710)	11,989	41,597	111,267	(234,857)
<i>Exploration costs</i>						
Field expenses	16,188	1,946	-	248	15,717	34,099
Geological consulting	-	-	-	9,848	37,846	47,694
Total exploration costs for the year	16,188	1,946	-	10,096	53,563	81,793
Recovery	-	397,764	-	-	-	397,764
<b>Balance, October 31, 2020</b>	\$ 16,188	\$ -	\$ 597,275	\$ 3,044,824	\$ 165,206	\$ 3,823,493
<i>Acquisition costs</i>						
Shares issued, fair value	-	-	-	-	174,000	174,000
Shares issued for finder's fees, fair value	-	-	-	93,893	-	93,893
Cash payments	-	-	-	294,697	221,703	516,400
Cash proceeds	-	(315,425)	-	(195,877)	-	(511,302)
Claim maintenance and legal fees	17,086	44,339	3,648	52,878	23,994	141,945
Total acquisition costs (recoveries) for the year	17,086	(271,086)	3,648	245,591	419,697	414,936
<i>Exploration costs</i>						
Geological consulting	-	-	-	4,580	18,093	22,673
Geochemical	3,035	-	-	1,310	-	4,345
Total exploration costs for the year	3,035	-	-	5,890	18,093	27,018
Recovery	-	271,086	-	-	-	271,086
<b>Balance, October 31, 2021</b>	\$ 36,309	\$ -	\$ 600,932	\$ 3,296,305	\$ 602,996	\$ 4,536,533



**LATIN METALS INC.**  
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**5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**

**Exploration and evaluation assets continuity (Cont'd...)**

PERUVIAN EXPLORATION PROPERTIES	Lacsha Peru	Auquis Peru	Jacha Peru	Yanba Peru	Lolli, Tilo, Para Peru	Total
<b>Balance, October 31, 2019</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Acquisition costs</i>						
Cash payments	27,799	18,279	14,219	-	-	60,297
Total acquisition costs for the year	27,799	18,279	14,219	-	-	60,297
<i>Exploration costs</i>						
Field expenses	5,036	4,467	-	-	-	9,503
Geological consulting	7,934	7,933	-	-	-	15,867
Total exploration costs for the year	12,970	12,400	-	-	-	25,370
<b>Balance, October 31, 2020</b>	\$ 40,769	\$ 30,679	\$ 14,219	\$ -	\$ -	\$ 85,667
<i>Acquisition costs</i>						
Cash payments	-	-	-	15,996	19,893	35,889
Claim maintenance and legal fees	17,514	15,182	10,760	-	-	43,456
Total acquisition costs for the year	17,514	15,182	10,760	15,996	19,893	79,345
<i>Exploration costs</i>						
Community relations	1,122	-	-	-	-	1,122
Field expenses	47,298	7,884	16,256	-	-	71,438
Geological consulting	121,823	21,439	4,401	-	-	147,663
Geochemical	22,340	-	391	-	-	22,731
Share-based compensation	35,254	-	-	-	-	35,254
Total exploration costs for the year	227,837	29,323	21,048	-	-	278,208
<b>Balance, October 31, 2021</b>	\$ 286,120	\$ 75,184	\$ 46,027	\$ 15,996	\$ 19,893	\$ 443,220

**6. SHARE CAPITAL AND RESERVES****Authorized share capital**

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

**Share issuances***Year ended October 31, 2021*

On October 7, 2021, the Company closed a non-brokered private placement of 8,666,667 units in the capital of the Company at \$0.15 per unit for gross proceeds of \$1,300,000. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of \$0.25 per share until October 7, 2023. The Company paid finders fees on a portion of the financing of \$40,853 cash share issuance costs and 272,346 finders' warrants (note 6 – Warrants), fair-valued at \$10,586 using the Black-Scholes option model. Each finders' warrant entitles the holder to purchase one common share of the Company for \$0.15 until October 7, 2022. In addition, the Company incurred an aggregate of \$33,322 in legal and regulatory fees in connection with the non-brokered financing.

The Company issued 163,494 common shares for a finders' fee on a property acquisition, fair-valued at a weighted average price of \$0.13 per share for a total of \$21,742 (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.

In addition, in connection with the agreement with Libero, the Company issued 555,000 common shares at \$0.13 as finder's fees (note 5 – Esperanza – Argentina). The fair value per share was based on the listed market price of the Company's common shares at the date of issuance of shares.

During the year ended October 31, 2021, the Company issued 1,200,000 common shares fair-valued at \$0.145 per share for a total of \$174,000 in connection to property acquisition as per Tres Cerros properties option agreements (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 of shares.

*Year ended October 31, 2020*

The Company issued 321,236 common shares for a finders' fee on Esperanza property acquisition, fair-valued at a weighted average price of \$0.11 per share for a total of \$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.

The Company issued 934,500 common shares fair-valued at \$0.09 per share for a total of \$81,753 in connection to property acquisition as per Tres Cerros properties option agreements (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 of shares.

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

**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 for the years ended October 31, 2021 and 2020 are summarized as follows:

	October 31, 2021		October 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the year	4,615,000	\$ 0.13	-	\$ -
Granted	1,105,000	\$ 0.15	4,715,000	\$ 0.13
Expired / Forfeited	(250,000)	\$ 0.13	(100,000)	\$ 0.13
Options outstanding, end of the year	5,470,000	\$ 0.13	4,615,000	\$ 0.13

As at October 31, 2021, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

Number of shares	Exercise price per option	Expiry Date	Remaining life in years
4,150,000	\$0.13	November 19, 2022	1.1
45,000	\$0.06	June 8, 2023	1.6
70,000	\$0.14	August 31, 2023	1.8
100,000	\$0.14	October 1, 2023	1.9
150,000	\$0.16	January 13, 2024	2.2
955,000	\$0.15	October 20, 2024	3.0
5,470,000	\$0.13		1.4

The weighted average remaining contractual life of options outstanding at October 31, 2021 was 1.4 (October 31, 2020 – 2.09) years.

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

**Stock options (Cont'd...)**

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:

Stock options fair value assumptions	October 31, 2021	October 31, 2020
Risk-free interest rate	0.21%	1.45%
Expected life of options	3	3
Annualized volatility	107%	107%
Dividend rate	0%	0%
Forfeiture rate	0%	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.

During the year ended October 31, 2021, the Company granted 1,105,000 stock options fair-valued at a weighted average fair value of \$0.08 per option. During the year ended October 31, 2020, the Company granted 4,715,000 stock options fair-valued at a weighted average fair value of \$0.08 per option.

Share-based compensation expense for the year ended October 31, 2021 totaled \$88,961 (October 31, 2020 - \$379,350), of which \$35,254 was allocated to exploration and evaluation assets (October 31, 2020 - \$nil).

**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, 2021 are as follows:

Number of Warrants	Exercise Price	Expiry Date
4,333,334	\$ 0.25	October 7, 2023
272,346	\$ 0.15	October 7, 2022
4,605,680	\$ 0.24	

The weighted average remaining contractual life of warrants outstanding at October 31, 2021, was 1.9 (2020 – 0.7) years.

The following weighted average assumptions were used to fair-value 272,346 finders' warrants, using the Black-Scholes option valuation model, issued during the non-brokered private placement closed on October 7, 2021 (note 6 – Share issuances):

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

**Warrants (Cont'd...)**

Finders' warrants fair value assumptions	
Risk-free interest rate	0.55%
Expected life of finders' warrant	1 year
Annualized volatility	95%
Dividend rate	0%
Forfeiture rate	0%
Fair value per finders' warrant	\$ 0.039

Warrants transactions for the years ended October 31, 2021 and 2020 are summarized as follows:

	October 31, 2021		October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the year	1,452,227	\$ 0.74	2,325,127	\$ 0.51
Issued	4,605,680	\$ 0.24	-	\$ -
Expired	(1,452,227)	\$ 0.74	(872,900)	\$ 0.13
Warrants outstanding, end of the year	4,605,680	\$ 0.24	1,452,227	\$ 0.74

357,144 warrants at an exercise price of \$0.56 and 1,095,083 warrants at an exercise price of \$0.80 expired on June 15, 2021 and July 4, 2021 respectively.

**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 comprise officers and directors of the Company. Key management personnel compensation is as follows:

	2021	2020
Directors' fees, salaries and benefits	\$ 158,500	\$ 142,283
Consulting fees <sup>1</sup>	57,400	41,000
Share-based compensation	22,715	326,715
	<b>\$ 238,615</b>	<b>\$ 509,998</b>

<sup>1</sup> Fees paid to a corporation for personnel that is acting as key management of the Company.

As at October 31, 2021 the Company had amounts payable to key management personnel of \$nil included in accounts payable (October 31, 2020 - \$8,952).

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, 2021 and 2020.

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**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 had 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:

	<b>October 31, 2021</b>		<b>October 31, 2020</b>	
Opening balance, principal	\$	180,222	\$	162,358
Accretion to face value of the Loans – finance costs		19,778		17,864
Repayment		(200,000)		-
Ending balance	\$	-	\$	180,222

On November 6, 2020, the Company repaid in full the principal amount of \$200,000 of Loans from related parties plus accrued interest of \$25,286, for an aggregate amount of \$225,286. The accrued interest expense is presented as part of finance costs and was included in accounts payable and accrued liabilities.

During the year ended October 31, 2021, the Company accrued interest expense in connection with the Loans in the amount of \$1,166 (October 31, 2020 - \$10,000), which is presented as part of finance costs.

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	<b>2021</b>		<b>2020</b>	
Net change in accounts payable and accrued liabilities included in exploration and evaluation assets	\$	(3,568)	\$	28,597
Finder’s warrants, fair value		10,586		-
Shares issued for finder’ fees - mineral exploration properties, fair value		93,893		33,749
Shares issued for mineral exploration properties, fair value		174,000		81,753

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**9. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended October 31, 2021 and 2020, is as follows:

	<b>2021</b>	<b>2020</b>
Loss for the year	\$ (462,684)	\$ (640,540)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(124,925)	(172,946)
Non-deductible, deductible and other items	14,501	102,425
Differences between Canadian and foreign tax rates	23,575	6,666
Change in timing differences	(77,465)	(89,973)
Effect of change in tax rates	340	-
Under(over) provided in prior years	64,928	5,021
Unused tax losses and tax offsets	99,046	148,807
<b>Income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

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

	<b>2021</b>	<b>2020</b>
Deferred income tax asset from non-capital losses	\$ 2,422,740	\$ 961,389
Deferred income tax liability from exploration and evaluation assets	(2,422,740)	(961,389)
<b>Net deferred income tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's unrecognized deferred income tax assets as at October 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Losses carried forward	\$ 546,049	\$ 852,691
Exploration and evaluation assets	3,311,381	3,311,381
Equipment	8,889	13,887
Share issue costs	133,359	111,166
<b>Net deferred income tax assets not recognized</b>	<b>\$ 3,999,678</b>	<b>\$ 4,289,125</b>

At October 31, 2021, the Company has \$11,069,589 in non-capital losses for Canadian and Argentinean tax purposes. These losses, if not utilized, will expire between 2021 and 2041. 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, 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 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, 2021, the Company has working capital of \$780,698 (October 31, 2020 –\$737,323). At October 31, 2021, the Company had accounts payable and accrued liabilities of \$143,218 (October 31, 2020 - \$153,257) due within 90 days, and loans from related parties of \$nil (October 31, 2020 - \$180,222).

*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.

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

**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.

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, 2021 and 2020.

**12. SEGMENTED INFORMATION**

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

	October 31, 2021			
	Canada	Argentina	Peru	Total
Exploration and evaluation assets	\$ -	\$ 4,536,533	\$ 443,220	\$ 4,979,753
Equipment	5,545	5,823	3,502	14,870
<b>Total long-term assets</b>	<b>\$ 5,545</b>	<b>\$ 4,542,356</b>	<b>\$ 446,722</b>	<b>\$ 4,994,623</b>

  

	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
<b>Total long-term assets</b>	<b>\$ 2,886</b>	<b>\$ 3,829,450</b>	<b>\$ 85,667</b>	<b>\$ 3,918,003</b>

**13. SUBSEQUENT EVENTS****Option payment received for Esperanza**

Subsequent to October 31, 2021, the Company received US\$250,000 from Libero pursuant to an agreement between the Company and Libero, whereby the Company granted Libero an option to acquire a 70% interest in the Esperanza copper -gold project (note 5 – Esperanza – Argentina).

**Shares issued for finder's fees**

Subsequent to October 31, 2021, the Company issued 390,656 common shares for a finders' fee on a property acquisition, fair-valued at \$0.135 per share for a total of \$52,738 (US\$ 41,260) (note 5 – Esperanza – Argentina). The fair value per share was based on the listed market price of the Company's common shares at the date of issuance.

**Earn-in agreement with Barrick Gold Corporation**

On February 5, 2022, the Company and Barrick Gold Corporation ("Barrick") entered into an earn-in agreement whereby Barrick has the right to acquire up to an 85% interest in the Company's group of properties Cerro Bayo, Cerro Bayo Sur and Flora Este. Barrick's earn-in right consists of an initial option (the "Barrick First Option") to acquire a 70% interest in the properties and a second option (the "Barrick Second Option") to acquire an additional 15% (aggregate 85%) interest.

The properties are currently subject to an underlying option agreement dated February 7, 2019, as amended, pursuant to which the Company has the right to acquire an ultimate 100% interest in the properties.

The binding nature of Barrick's expenditure commitment does not become effective until the parties have entered into an agreement with the underlying property owners to, amongst other things, acknowledge Barrick's rights under the earn-in agreement and authorize Barrick to conduct operation on the properties (the "Effective Date"). In the event that such agreement is not reached within 60 days of executing the earn-in agreement, i.e., by April 6, 2022, Barrick may terminate the earn-in agreement immediately upon notice to the Company.

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**13. SUBSEQUENT EVENTS** *(Cont'd...)*

**Earn-in agreement with Barrick Gold Corporation** *(Cont'd...)*

The earn-in terms for the Barrick First Option (70% interest) are as follows:

<b>Date</b>	<b>Payments in cash (US\$)</b>	<b>Exploration expenditures<sup>(1)</sup> (US\$)</b>	<b>Technical report requirement<sup>(2)</sup></b>
Effective Date	150,000	-	-
By the first anniversary of the Effective Date	50,000	-	-
By the second anniversary of the Effective Date	50,000	1,000,000	-
By the third anniversary of the Effective Date	50,000	-	-
By the fourth anniversary of the Effective Date	75,000	-	-
By the fifth anniversary of the Effective Date	100,000	2,000,000	-
By the sixth anniversary of the Effective Date	125,000	-	-
By the seventh anniversary of the Effective Date	150,000	2,000,000	Preliminary economic assessment
<b>Total</b>	<b>US\$ 750,000</b>	<b>US\$ 5,000,000</b>	

<sup>(1)</sup> US\$1,000,000 is a binding commitment (work or cash in lieu)

<sup>(2)</sup> Preliminary Economic Assessment prepared in accordance with NI 43-101

<b>Date</b>	<b>Assumed payments due under underlying option agreement (US\$)</b>
April 20, 2022	152,334
April 20, 2023	233,577
April 20, 2024	382,789
April 20, 2025	753,093
Upon the exercise of Company's Second Option with the underlying owners (note 5 – Tres Cerros – Argentina – Cerro Bayo, Cerro Bayo Sur & Flora Este)	800,000
<b>Total</b>	<b>US\$ 2,321,793</b>

To exercise the Barrick Second Option and earn an additional 15% interest by the ninth anniversary, Barrick is required to:

- Make additional cash payments to the Company totaling US\$425,000 (aggregate US\$1,175,000); and
- Sole fund all costs and deliver to the Company a Prefeasibility Study prepared in accordance with NI 43-101.

Barrick may at any time during the term of the earn-in agreement accelerate the timing for payment of any or all cash payments to the Company and the underlying owner of the properties, delivery of technical studies, and incurring exploration expenditures.

**13. SUBSEQUENT EVENTS** *(Cont'd...)***Earn-in agreement with Barrick Gold Corporation** *(Cont'd...)*

Upon the exercise of the Barrick First Option, the Company and Barrick will form a joint venture for the continued exploration, development and, if warranted, mining of the property group of Cerro Bayo, Cerro Bayo Sur and Flora Este. The initial participating interests of the parties in the joint venture will be Barrick – 70% and the Company - 30%. If Barrick exercises the Barrick Second Option, the interests of the participants will be Barrick – 85% and the Company - 15%. The party with the majority participating interest will be the operator of the property group. Funding of the joint venture's operations will be based on each party's proportionate participating interest, from time to time. Dilution of a party's participating interest will apply in the case of funding shortfalls by either party. If a party's participating interest in the joint venture falls to below 5%, it will be converted into a 1.5% net smelter returns royalty (the "Dilution Royalty"). The transfer of the Dilution Royalty shall be subject to a right of first refusal in favour of the non-diluting party.

**Notice of election to participate – Huachi property**

On February 13, 2022, the Company provided Libero with a Notice of election whereby, pursuant to the letter agreement between the Company and Libero (note 5 – Esperanza-Argentina), the Company elects to include any right and interest acquired by Libero in respect to the Huachi property to form part of the Esperanza project for all purposes and be subject to the terms and conditions of the letter agreement between the Company and Libero for Esperanza. The Huachi property is located in the Province of San Juan, Argentina and is contiguous with Esperanza property.

Pursuant to an option agreement between Libero and a third party, Libero has been granted the irrevocable right and option to acquire a 75% in the Huachi project by incurring work expenditures in an aggregate amount of US\$ 1,000,000 staggered over four years as follows:

- 1) US\$ 100,000 within one year of the date of the approval of the environmental permit and is in force to allow all reasonable exploration activities on the property, including drilling ("Commencement Date")
- 2) US\$ 150,000 within two years of the Commencement Date
- 3) US\$ 250,000 within three years of the Commencement Date
- 4) US\$ 500,000 within four years of the Commencement Date

The Company will be required to reimburse Libero for 30% of its total cost of the acquisition of Huachi property, when same has been incurred by Libero.