LIBERO COPPER & GOLD CORPORATION

Consolidated financial statements

For the years ended December 31, 2022, and 2021

Independent auditor's report

To the Shareholders of Libero Copper & Gold Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Libero Copper & Gold Corporation and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 3 – Significant accounting policies and note 5 – Mineral Properties to the consolidated financial statements.* The total book value of mineral properties, comprised of exploration and evaluation assets, amounted to $2.4 million as at December 31, 2022. At each reporting date, management applies judgment in evaluating if impairment indicators exist relating to each exploration and evaluation asset. If any such indicator exists, then management estimates the recoverable amount of the related asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Factors considered include (i) the right to explore in the area has expired or will expire in the near future with no expectation of renewal; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted; (iii) no commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and (iv) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered. No indicators	Our approach to address the matter included the following procedures, among others: • Assessed the judgment by management in determining whether there were impairment indicators, which included the following: – Obtained for a sample of mineral claims, by reference to government registries, or other supporting documents, evidence to support (i) the right to explore the area and (ii) claim expiration dates; – Read the Board of Directors' minutes and obtained budget approvals to evidence continued and planned substantive expenditure on further exploration for and evaluation of mineral resources and whether a decision has been made to discontinue exploration in an area; – Assessed whether no commercially viable deposits have been discovered and whether sufficient work has been performed to indicate that the carrying amount of the exploration and evaluation assets will not be fully recovered, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
of impairment were identified by management as at December 31, 2022. We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets and (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.	

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

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

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2023

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

As at	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		$ 66,432	$ 3,397,568
Restricted cash		50,000	50,000
Amounts receivable		260,716	362,763
Prepaid expenses		80,864	211,769
		458,012	**4,022,100**
Non-current assets			
Property, plant and equipment	4	795,423	395,058
Mineral properties	5	2,413,321	1,971,564
Investments	6	180,000	1,000,000
Other receivables	7	104,081	88,081
		3,492,825	**3,454,703**
Total assets		**$ 3,950,837**	**$ 7,476,803**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 591,533	$ 709,466
Flow-through share premium liability	11	126,400	-
Current portion of lease liability	9	141,439	82,173
		859,372	**791,639**
Non-current liabilities			
Lease liability	9	188,137	111,463
		188,137	**111,463**
Total liabilities		**1,047,509**	**903,102**
SHAREHOLDERS' EQUITY			
Share capital	10	33,507,032	25,527,872
Contributed surplus		8,338,169	6,319,734
Accumulated other comprehensive income		63,785	5,696
Deficit		(39,005,658)	(25,279,601)
Total shareholders' equity		**2,903,328**	**6,573,701**
Total liabilities and shareholders' equity		**$ 3,950,837**	**$ 7,476,803**

Nature of operations and going concern	1
Subsequent events	18

On behalf of the Board of Directors:

(signed) "Jay Sujir"
Director

(signed) "Ian Slater"
Director

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

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

For the year ended	Notes	December 31, 2022	December 31, 2021
EXPENSES			
Exploration	5	$ 9,369,550	$ 7,998,965
Share-based compensation	10(c)	1,177,656	973,754
Investor relations		1,010,514	1,177,219
General and administration		647,369	399,646
Salaries and benefits		522,875	314,267
Professional fees		289,391	308,295
Depreciation	4	232,219	98,225
Project evaluations		-	90,498
Total expenses		**13,249,574**	**11,360,869**
OTHER (INCOME) EXPENSES			
Gain on sale of subsidiary	6	-	(609,697)
Gain on marketable securities	17(b)	-	(96,441)
Unrealized loss on investments	6	820,000	-
Foreign exchange gain		(35,086)	(37,807)
Interest and other expense		38,741	18,339
Loss before income taxes		14,073,229	10,635,263
Deferred income tax recovery	12	(347,172)	(496,072)
Net loss for the year		**13,726,057**	**10,139,191**
Other comprehensive income			
Foreign currency translation difference for foreign operations		(58,089)	(5,696)
Total comprehensive loss for the year		$ **13,667,968**	$ **10,133,495**
Basic and diluted loss per share		$ (0.20)	$ (0.23)
Weighted average number of common shares outstanding		69,359,425	43,810,334

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

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

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2020		**29,683,683**	$ **13,633,487**	$ **3,655,856**	$ **-**	**(15,140,410)**	$ **2,148,933**
Private placement, gross proceeds	10(a),(b)	22,964,130	9,371,979	2,428,021	-	-	11,800,000
Share issue costs			(503,048)	30,294	-	-	(472,754)
Flow-through share premium liability	11	-	(363,636)	-	-	-	(363,636)
Shares issued for mineral property acquisition, net of share issue costs	10(a)	60,000	28,275	-	-	-	28,275
Share-based compensation	10(c)	-		973,754	-	-	973,754
Share purchase options exercised	10(c)	550,000	408,883	(183,759)	-	-	225,124
Warrants exercised	10(b)	3,190,000	2,951,932	(584,432)	-	-	2,367,500
Foreign exchange translation					5,696	-	5,696
Total comprehensive loss			-	-	-	(10,139,191)	(10,139,191)
Balance, December 31, 2021		**56,447,813**	$ **25,527,872**	$ **6,319,734**	$ **5,696**	**(25,279,601)**	$ **6,573,701**
Private placement, gross proceeds	10(a),(b)	27,414,670	8,035,395	1,004,987	-	-	9,040,382
Share issue costs		-	(353,024)	18,038	-	-	(334,986)
Flow-through share premium liability	11	-	(473,572)	-	-	-	(473,572)
Shares issued for mineral property acquisition	10(a)	80,000	38,400	-	-	-	38,400
Share-based compensation	10(c)	-	-	1,177,656	-	-	1,177,656
Share purchase options exercised	10(c)	150,000	126,363	(56,363)	-	-	70,000
Warrants exercised	10(b)	639,620	605,598	(125,883)	-	-	479,715
Foreign exchange translation		-	-	-	58,089	-	58,089
Net loss for the period		-	-	-	-	(13,726,057)	(13,726,057)
Balance, December 31, 2022		**84,732,103**	$ **33,507,032**	$ **8,338,169**	$ **63,785**	$**(39,005,658)**	$ **2,903,328**

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

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

For the year ended	Notes	December 31, 2022	December 31, 2021
OPERATING ACTIVITIES			
Net loss for the year		$ **(13,726,057)**	$ **(10,139,191)**
Adjustments for items not involving cash:			
Share-based compensation	10(c)	1,177,656	973,754
Depreciation	4	232,219	98,225
Interest expense, net		43,360	18,682
Foreign exchange loss (gain)		(35,086)	(42,240)
Loss on investments		820,000	-
Gain on sale of subsidiary	6	-	(609,697)
Deferred income tax recovery	11	(347,172)	(496,072)
		(11,835,080)	**(10,196,539)**
Net changes in non-cash working capital items:			
Amounts receivable		102,047	(297,898)
Prepaid expenses		130,905	(173,293)
Accounts payable and accrued liabilities		(158,036)	513,552
Net cash outflows from operating activities		**(11,760,164)**	**(10,154,178)**
FINANCING ACTIVITIES			
Issuance of units, shares and warrants	10(a),(b)	9,040,382	11,800,000
Share issue costs		(334,986)	(472,754)
Proceeds from exercise of warrants and stock options	10(b),(c)	549,715	2,592,624
Cash principal and interest payments of lease liability	9	(202,630)	(104,516)
Net cash inflows from financing activities		**9,052,481**	**13,815,354**
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	5	-	(58,898)
Purchase of property, plant and equipment	4	(262,183)	(199,442)
Reclamation bond	7	(16,000)	(32,000)
Acquisition of mineral properties		(352,501)	(819,499)
Restricted cash		-	(50,000)
Net cash outflows from investing activities		**(630,684)**	**(1,159,839)**
Net effect of foreign exchange differences on cash		7,231	4,433
Net increase (decrease) in cash and cash equivalents		**(3,331,136)**	**2,505,770**
Cash and cash equivalents, beginning of the year		3,397,568	891,798
Cash and cash equivalents, end of the year		$ **66,432**	$ **3,397,568**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

Going Concern

The Company's consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue its operations for at least twelve months from December 31, 2022, and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at December 31, 2022, the Company had cash and cash equivalents of $66,432 and a working capital deficit of $401,360. For the year ended December 31, 2022, the Company incurred a loss of $13,726,057 and used cash in operations of $11,760,164.

The Company has not generated revenue from operations to date and will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral properties. There can be no assurance that the Company will be able to raise sufficient financing on acceptable terms. See note 18 subsequent events. Future operations of the Company are dependent upon its ability to raise additional equity financing, maintain sufficient working capital and upon future production or proceeds from the disposition of its mineral property interests. The factors represent material uncertainties that give rise to significant doubt as to whether the Company will be able to continue as a going concern.

These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

The consolidated financial statements of the Company for the year ended December 31, 2022, were authorized for issue by the Board of Directors on April 25, 2023.

Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The results of a subsidiary are included in the consolidated financial statements from the date that control commences until the date the control ceases. All intercompany transactions and balances have been eliminated. The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

a) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

b) Property, plant and equipment

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

c) Mineral properties

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

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

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

d) Impairment of non-financial assets

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

e) Financial instruments

Financial instruments – Classification

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Financial assets – Measurement

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

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

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

e) Financial instruments (continued)

Financial assets – Measurement (continued)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

Financial liabilities - Measurement

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

f) Leases

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

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

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

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

f) Leases (continued)

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

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

g) Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

h) Flow-through shares

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

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

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

i) Share-based compensation

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company uses the Black-Scholes option pricing model to estimate the fair value of each share purchase option tranche at the date of grant.

j) Loss per share

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

k) Accounting policy judgments and key sources of estimation uncertainty

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

Impairment

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

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

Management has assessed its exploration and evaluation assets for impairment as of December 31, 2022 and has determined that there are no indications of impairment.

(expressed in Canadian dollars, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

	Leases (note 9)	Leasehold improvements	Office equipment	Machinery and equipment	Computer hardware	Total
Cost						
Balance, January 1, 2021	$ **386,776**	$ **20,378**	$ **7,280**	$ **-**	$ **-**	$ **414,434**
Additions	21,663	5,448	3,342	175,321	15,333	221,107
Disposals	(1,111)	-	-	-	-	(1,111)
Balance, December 31, 2021	$ **407,328**	$ **25,826**	$ **10,622**	$ **175,321**	$ **15,333**	$ **634,430**
Additions	370,399	-	12,820	173,131	76,614	632,964
Disposals	-	-	(380)	-	-	(380)
Balance, December 31, 2022	$ **777,727**	$ **25,826**	$ **23,062**	$ **348,452**	$ **91,947**	$ **1,267,014**
Accumulated depreciation						
Balance, January 1, 2021	$ **(131,871)**	$ **(7,892)**	$ **(1,384)**	$ **-**	$ **-**	$ **(141,147)**
Depreciation	(87,794)	(4,374)	(868)	(4,419)	(770)	(98,225)
Balance, December 31, 2021	$ **(219,665)**	$ **(12,266)**	$ **(2,252)**	$ **(4,419)**	$ **(770)**	$ **(239,372)**
Depreciation	(166,857)	(5,016)	(1,884)	(47,122)	(11,340)	(232,219)
Balance, December 31, 2022	$ **(386,522)**	$ **(17,282)**	$ **(4,136)**	$ **(51,541)**	$ **(12,110)**	$ **(471,591)**
Net book value, December 31, 2022	$ **391,205**	$ **8,544**	$ **18,926**	$ **296,911**	$ **79,837**	$ **795,423**
Net book value, December 31, 2021	$ **187,663**	$ **13,560**	$ **8,370**	$ **170,902**	$ **14,563**	$ **395,058**
Net book value, January 1, 2021	$ **254,905**	$ **12,486**	$ **5,896**	$ **-**	$ **-**	$ **273,287**

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES

Mineral properties consist of all direct costs, including option payments and transaction costs, incurred by the Company to acquire its mineral properties and to maintain its rights. The balance of mineral properties relates solely to exploration and evaluation assets. Mineral properties balances changed during the year ended December 31, 2022, as follows:

	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Balance, December 31, 2020	$ **931,107**	$ **384,961**	$ **128,080**	$ **-**	$ **-**	$ **1,444,148**
Acquisition	39,281	-	68,500	177,916	620,976	906,673
Sale of subsidiary	-	(384,961)	-	-	-	(384,961)
Effect of foreign exchange translation	-	-	-	-	5,704	5,704
Balance, December 31, 2021	$ **970,388**	$ -	$ **196,580**	$ **177,916**	$ **626,680**	$ **1,971,564**
Acquisition	-	-	88,400	50,000	272,800	411,200
Donated land	(20,299)	-	-	-	-	(20,299)
Effect of foreign exchange translation	-	-	-	-	50,856	50,856
Balance, December 31, 2022	$ **950,089**	$ -	$ **284,980**	$ **227,916**	$ **950,336**	$ **2,413,321**

Mocoa Porphyry Copper-Molybdenum Deposit

In June 2018, the Company acquired 100% of the Mocoa porphyry copper-molybdenum deposit (“Mocoa”) in Colombia from B2 Gold Corp., in return for the issuance of 2,080,000 common shares of the Company and a 2% net smelter return royalty (“NSR royalty”). The Mocoa Project is also subject to a retained 1% NSR return royalty held by its previous owner, AngloGold Ashanti Limited (“AGA”).

Tomichi Porphyry Copper-Molybdenum Deposit

In December 2016, the Company entered into an option agreement to purchase the Tomichi porphyry copper-molybdenum deposit (“Tomichi”) in Colorado which agreement was amended on July 27, 2020. The Company incurred a total of $384,961 of acquisition costs to December 31, 2020. In January 2021, the Company closed a transaction with Zacapa Resources Ltd. (“Zacapa”, a Canadian public company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which held the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company. The Company recognized a gain on sale of the subsidiary in 2021 of $609,697.

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

Big Red Porphyry Gold-Copper Property

In February 2019, the Company closed an option agreement to acquire 100% of the Big Red porphyry gold-copper property in the Golden Triangle in British Columbia, Canada ("Big Red"), and incurred a total of $284,980 of acquisition costs as at December 31, 2022. (December 31, 2021: $196,580). The Company, at its option, may acquire 100% of Big Red in return for the issuance of 400,000 common shares of the Company and cash payments of $440,000 over four years (the "Option") as follows:

- $20,000 and 20,000 common shares on January 25, 2019 *(paid and issued, respectively)*;
- $30,000 and 40,000 common shares on January 25, 2020 *(paid and issued, respectively)*;
- $40,000 and 60,000 common shares on January 25, 2021 *(paid and issued, respectively);*
- $50,000 and 80,000 common shares on January 25, 2022 *(paid and issued, respectively);* and
- $300,000 and 200,000 common shares on January 25, 2023 *(Subsequent to December 31, 2022, paid and issued, respectively)*.

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

Big Bulk Porphyry Copper-Gold Property

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

Purchase consideration paid:		
Cash	$	100,000
Transaction costs		2,916
Total consideration	$	**102,916**
The purchase consideration has been allocated as follows:		
Cash and cash equivalents	$	44,018
Mineral properties		59,823
Accounts payable and accrued liabilities		(925)
Net assets acquired	$	**102,916**

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

Under the terms of the option agreement, which was amended on October 14, 2022, the Company has until December 31, 2026, to acquire 100% of Big Bulk under the amended payment terms as expressed below:

(a) pay $50,000 in cash on or before December 31, 2022; (paid)
(b) pay $50,000 in cash on or before December 31, 2023;
(c) pay $150,000 in cash on or before December 31. 2024;
(d) pay $250,000 in cash on or before December 31, 2025; and
(e) pay $1,000,000 in cash or common shares on or before December 31, 2026.

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

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

Esperanza Porphyry Copper-Gold Project

In January 2021, the Company entered into an option agreement with Latin Metals Inc. to earn-in to 70% of the Esperanza porphyry copper-gold project ("Esperanza") in San Juan, Argentina which was amended on May 26, 2021. On October 19, 2022, the option agreement was amended. Under the revised terms, if the permit has not been received by December 31, 2022, then, consequently, the permit will be considered as having been obtained and the payments will be required to occur as outlined below. As at December 31, 2022, the permits had not yet been obtained.

- US $220,000 on July 14, 2021 *(paid)*;
- US $250,000 on December 15, 2021 (*paid*);
- US $200,000 on December 20, 2022; (*paid*)
- US $250,000 on June 10, 2023;
- US $600,000 on December 10, 2023;
- US $433,000 on June 10, 2024; and
- US $450,000 on December 10, 2024

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

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

Exploration

The following is a summary of the Mocoa, Tomichi, Big Red, Big Bulk, and Esperanza exploration expenses for the years ended December 31, 2022, and 2021:

For the year ended December 31, 2022	**Mocoa**	**Big Red**	**Big Bulk**	**Esperanza**	**Total**
Technical and geological consulting	$3,526,987	$1,035,609	$ 30,113	$ 384,753	$4,977,462
Drilling	603,733	855,067	-	-	1,458,800
Field and camp	616,087	769,093	-	-	1,385,180
Geochemical and mapping	93,613	1,016,848	-	-	1,110,461
Legal and site office	489,795	9,375	-	272	499,442
Environmental, social and governance	227,367	-	-	-	227,367
License and permits	23,152	788	-	-	23,940
Mineral exploration tax credits recovered	-	(315,347)	-	-	(315,347)
	$5,580,734	$3,371,433	$ 30,113	$ 385,025	$9,367,305
Foreign exchange translation	-	-	-	2,245	2,245
Total exploration expenses	**$5,580,734**	**$3,371,433**	**$ 30,113**	**$ 387,270**	**$9,369,550**

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

For the year ended December 31, 2021	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Drilling	$ 1,900	$ -	$2,700,127	$ 1,207,487	$ -	$3,909,514
Technical and geological consulting	656,645	-	771,730	258,617	164,288	1,851,280
Geochemical and mapping	10,261	-	1,092,257	216,445	85,645	1,404,608
Field and camp	65,000	31	346,570	50,239	-	461,840
Environmental, social and governance	219,397	-	53,401	1,569	-	274,367
License and permits	67,464	392	2,730	500	-	71,086
Legal and site office	57,628	-	-	-	-	57,628
Mineral tax recovered	-	-	(32,335)	-	-	(32,335)
	$ 1,078,295	$ 423	$4,934,480	$1,734,857	$249,933	$7,997,988
Foreign exchange translation	-	-	-	-	977	977
Total exploration expenses	**$ 1,078,295**	**$ 423**	**$4,934,480**	**$1,734,857**	**$250,910**	**$7,998,965**

6. INVESTMENTS

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

Balance January 1, 2021	$	-
Acquisition of 2,000,000 common shares @ $0.50 as per agreement		1,000,000
Balance, December 31, 2021		**1,000,000**
Fair value (loss) (Zacapa closing price of $0.09 per share at December 31, 2022)		(820,000)
Balance, December 31, 2022	$	**180,000**

The Company measured the Zacapa common shares at fair value using the quoted market price per share traded on the TSX Venture Exchange ("TSX-V") which was $0.09 per share as at December 31, 2022. The fair value was determined to be $180,000, resulting in an unrealized loss of $820,000 in the statement of profit and loss.

7. OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Reclamation bond – Big Red	$ 60,000	$ 60,000
Reclamation bond – Big Bulk	16,000	-
Security deposit – Office Lease	28,081	28,081
Total	$ **104,081**	$ **88,081**

(expressed in Canadian dollars, unless otherwise stated)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2022		December 31, 2021
Trade payables	$	395,892	$	288,723
Accrued liabilities		195,641		420,743
Total	$	**591,533**	$	**709,466**

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

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

During the year ended December 31, 2022, the Company's 100% owned subsidiary in Columbia entered into several leases relating to housing in Mocoa for the Company's contractors working on site and extended the office leases in Bogota, as well as storage facilities in the Medellin and Mocoa areas. The term for the leases is between 2 and 5 years up to 2027. The Company recorded a right-of-use asset of $370,399 within property, plant and equipment (note 3). The Company recorded a corresponding net lease liability of $370,399. The incremental borrowing rate for the lease liability recognized as of December 31, 2022, was 12.5%.

		Lease liability
Balance, December 31, 2020	$	**266,555**
Additions (note 4)		21,663
Disposals (note 4)		(1,111)
Cash principal and interest payments		(104,518)
Interest expense		11,047
Balance, December 31, 2021	$	**193,636**
Additions (Note 4)		370,399
Cash principal and interest payments		(202,630)
Interest expense		43,360
Foreign exchange differences		(75,189)
Balance, December 31, 2022	$	**329,576**
Current portion of lease liability		141,439
Long-term portion of lease liability	$	**188,137**

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

On January 7, 2022, the Company issued 80,000 common shares with a fair value of $38,400 in accordance with the Big Red option agreement (note 4).

On January 27, 2022, the Company closed the final tranche of the 2021 non-brokered private placement. 7,000,000 units were issued at a price of $0.50 per unit for gross proceeds of $3,500,000. Total gross proceeds received from the three tranches of the 2021 private placement were $8,300,000. Each unit is comprised of one common share (each, a "Common Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant issued in this final tranche entitles the holder thereof to purchase one common share at a price of $0.75 until January 26, 2024. If during the exercise period of the Warrants, the closing price of the Common Shares is equal to or greater than $1.00 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving written notice to the holders of the Warrants that the Warrants will expire on the date that is 30 days after the issuance of said notice.

On April 19, 21, and 26, 2022, 150,000 share purchase options were exercised at an average exercise price of $0.47 per option for total proceeds of $70,000. The closing market price of the common shares on these dates was $0.87, $0.81, and $0.69, respectively.

During the year ended December 31, 2022, 639,620 share purchase warrants were exercised at a price of $0.75 for total proceeds of $479,715.

On July 28th, 2022, and August 5, 2022, the Company completed a non-brokered private placement consisting of 10,867,670 flow-through common shares and at a price of $0.33 per share for aggregate gross proceeds of $3,586,331 ($3,436,146 net of share issue costs). Common shares issued under the Offering qualify as flow-through shares and are required to be used to incur "Canadian exploration expenditures" that will be renounced to the initial purchasers of the flow-through shares.

Also on July 28, 2022, the Company completed a non-brokered private placement consisting of 2,900,000 common shares at a price of $0.33 per common share for proceeds of $957,000. This transaction allowed Anglo Asian Mining plc to maintain a 19.8% interest on a non-fully diluted basis.

On December 30, 2022, the Company completed the first tranche of a non-brokered private placement consisting of 6,647,000 units with each unit consisting of one common share and one common share purchase warrant at a price of $0.15 per unit for aggregate gross proceeds of approximately $1 million. Each warrant entitles the holder to acquire one additional share at a price of $0.22 until expiry on December 30, 2024.

As at December 31, 2022, the Company had 84,732,103 common shares issued and outstanding.

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

b) Warrants

On January 26, 2022, the Company issued 3,500,000 share purchase warrants as part of a private placement. Each warrant entitles the holder to acquire one common share at a price of $0.75 until January 26, 2026. On March 12, 2022, a total of 900,000 share purchase warrants with an exercise price of $0.75 expired unexercised. On May 13, 2022, a total of 6,924,416 share purchase warrants with an exercise price of $0.75 expired unexercised (December 31, 2021; 3,430,000; $0.67).

During the year ended December 31, 2022, a total of 639,620 warrants were exercised at a weighted average exercise price of $0.75 per warrant for total proceeds of $479,715 (December 31, 2021: 3,190,000; $0.74; $2,367,500).

On December 30, 2022, a total of 6,924,500 share purchase warrants (including 277,500 non-transferrable broker warrants) were issued as part of a private placement of units. Each warrant entitles the holder to acquire one common share at a price of $0.22 per share until December 30, 2024.

Information regarding warrants outstanding at December 31, 2022 is as follows:

	Warrants outstanding		Weighted average exercise price
December 31, 2020	**14,584,416**	$	**0.74**
Issued	11,582,265		0.75
Exercised	(3,190,000)		0.74
Expired	(3,430,000)		0.71
December 31, 2021	**19,546,681**	$	**0.75**
Issued	10,424,500		0.40
Exercised	(639,620)		0.75
Expired	(7,824,416)		0.75
December 31, 2022	**21,507,145**	$	**$0.58**

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

b) Warrants (continued)

As at December 31, 2022, the Company had 21,507,145 warrants outstanding, with an average exercise price of $0.58 and a weighted average remaining life of 1.07 years:

Expiry date	Warrants outstanding		Weighted average exercise price	Weighted average remaining life (years)
February 22, 2023	6,342,445		0.75	0.15
December 1, 2023	1,840,000		0.75	0.92
December 1, 2023	100,200		0.50	0.92
December 22, 2023	2,800,000		0.75	0.98
January 26, 2024	3,500,000		0.75	1.07
December 30, 2024	6,924,500		0.22	2.00
	21,507,145	$	**0.58**	**1.07**

During the year, the Company recorded a fair value of $1,023,025 (December 31, 2021: $2,458,315) within contributed surplus, for the issue of 10,424,500 (December 31, 2021: 11,582,265) warrants based on the Black Scholes model with the following weighted average variables:

		December 31, 2022		December 31, 2021
Risk free interest rate		3.12%		0.54%
Expected volatility		105%		126%
Expected life (years)		2		2
Expected dividends (yield)		0%		0%
Fair value per warrant	$	**0.13**	$	**$0.30**

c) Share Purchase Options

Information regarding share purchase options outstanding at December 31, 2022 and changes for the year is as follows:

	Options outstanding		Weighted average exercise price
December 31, 2020	**2,995,000**	$	**0.45**
Granted	3,065,000		0.53
Exercised	(550,000)		0.41
Expired	(355,000)		0.63
Forfeiture	(60,000)		0.43
December 31, 2021	**5,095,000**	$	**0.50**
Granted	3,125,000	$	**0.33**
Exercised	(150,000)		0.47
Expired	(310,000)		0.51
Cancelled/Forfeited	(370,000)		0.41
December 31, 2022	**7,390,000**	$	**0.48**

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL (CONTINUED)

c) Share Purchase Options (continued)

During the year ended December 31, 2022, a total of 150,000 (December 31, 2021: 550,000) share purchase options were exercised at a weighted average exercise price of $0.47 (December 31, 2021: $0.41) per option for total proceeds of $70,000 (December 31, 2021: $225,125). The weighted average closing market price per share related to these exercises was $0.80 (December 31, 2021: $0.55).

Information regarding share purchase options outstanding and exercisable at December 31, 2022 is as follows:

Expiry date	Options outstanding	Options exercisable		Weighted average exercise price	Weighted average remaining life (years)
December 11, 2023	660,000	660,000		0.48	0.95
April 5, 2024	200,000	200,000		0.56	1.26
October 2, 2024	250,000	250,000		0.77	1.76
December 17, 2025	1,330,000	1,330,000		0.40	2.96
April 13, 2026	500,000	500,000		0.58	3.28
December 24, 2026	1,575,000	1,575,000		0.52	3.98
February 15, 2027	1,100,000	950,000		0.33	4.13
October 14, 2027	1,775,000	425,000		0.19	4.79
	7,390,000	**5,890,000**	$	**0.43**	**3.55**

During the year ended December 31, 2022, a total of 3,125,000 (December 31, 2021: 3,065,000) share purchase options were granted with a weighted average exercise price of $0.33 (December 31, 2021: $0.53). The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

		December 31, 2022		December 31, 2021
Risk free interest rate		2.99%		1.07%
Expected volatility		116%		118%
Expected life (years)		5		5
Expected dividends (yield)		0%		0%
Fair value per option	$	**0.26**	$	**0.41**

Share-based compensation expense related to share purchase options for the year ended December 31, 2022, was $1,177,656. (December 31, 2021: $973,754) and has been recorded in the consolidated statements of comprehensive loss.

(expressed in Canadian dollars, unless otherwise stated)

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

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

		Flow-through share premium liability
Balance, December 31, 2020	$	**132,436**
Liability incurred on flow-through shares issued		363,636
Settlement of flow-through share premium liability upon incurring qualifying expenses		(496,072)
Balance, December 31, 2021	$	**-**
Liability incurred on flow-through shares issued		473,572
Settlement of flow-through share premium liability upon incurring qualifying expenses		(347,172)
Balance, December 31, 2022	$	**126,400**

On August 5, 2022, the Company closed a flow-through private placement in relation to the Big Red Project. This consisted of 10,867,670 flow-through common shares at a price of $0.33 per share, for aggregate gross proceeds of $3,586,331. As at December 31, 2022, the Company incurred a total of $3,686,780 (December 31, 2021: $6,669,337 for Big Red and Big Bulk) in exploration expenditures on the Big Red project (note 5), of which $2,629,112 (December 31, 2021: $5,059,488) were flow-through expenditures. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of $347,172 (December 31, 2021: $496,072) in the Company's consolidated financial statements.

12. INCOME TAX

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

		December 31, 2022		December 31, 2021
Net loss for the year	$	(14,073,228)	$	(10,635,263)
Statutory tax rate		27%		27%
Recovery tax at the statutory rate		**(3,799,772)**		**(2,871,521)**
Permanent differences and other		1,423,794		1,562,152
Change in deferred tax assets not recognized		2,496,218		1,470,566
Foreign exchange		169,795		128,703
Change in prior period estimates		95,775		(17,454)
Difference in tax rate of foreign jurisdiction and other		(385,810)		(90,986)
Tax impact of divestitures		-		(57,566)
Change in tax rate		-		(123,894)
Derecognition of flow-through share premium liability		(347,172)		(496,072)
Income tax recovery	**$**	**(347,172)**	**$**	**(496,072)**

(expressed in Canadian dollars, unless otherwise stated)

12. INCOME TAX (CONTINUED)

The Company's deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized as at December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences		
Loss carryforwards	$ 19,841,425	$ 12,080,163
Mineral properties	8,623,151	3,542,958
Share issue costs	785,191	713,920
Lease liability	(61,632)	5,974
Property, plant, and equipment	36,478	19,713
Total deductible temporary differences	**$ 29,224,613**	**$ 16,362,728**

The Company has non-capital loss carryforwards of approximately $19,841,425 (December 31, 2021, $12,080,163), primarily related to Canada, which may be available to offset future income for income tax purposes. The Company recognizes the benefits of tax losses only to the extent of the reversal of taxable temporary differences in relevant jurisdictions within the carry forward period. The available non-capital losses can be carried forward for 20 years in Canada.

13. RELATED PARTY TRANSACTIONS

Key management, directors, and officers received the following salaries and benefits during the year ended December 31, 2022, and 2021:

	December 31, 2022	December 31, 2021
Share-based compensation	$ 789,040	$ 629,377
Employee salaries and benefits	497,527	264,492
	$ 1,286,567	**$ 893,869**

(expressed in Canadian dollars, unless otherwise stated)

13. RELATED PARTY TRANSACTIONS (CONTINUED)

The following table provides outstanding balances and the total amount of transactions, which have been entered into by the Company with related parties during the year ended December 31, 2022, and 2021.

		December 31, 2022		December 31, 2021
Purchases:				
Accounting and legal costs recharged from a company controlled by director Ian Slater	$	330,000	$	195,000
Legal fees to Farris, LLP in which director Jay Sujir is a partner	$	81,409	$	137,661
Geological consulting fees to Serac Exploration Ltd. a company with two common directors, Ian Slater, and Bradley Rourke.	$	1,109,349	$	285,064
Amounts owed to:				
Farris, LLP in which director Jay Sujir is a partner	$	11,754	$	107,983
Serac Exploration Ltd. a company with two common directors, Ian Slater, and Bradley Rourke.	$	19,838	$	2,295

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

14. SEGMENT INFORMATION

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

As at December 31, 2022		Canada		Argentina		Colombia		Total
Total assets	$	1,448,080	$	988,451	$	1,514,306	$	**$3,950,837**
Total liabilities		488,884		614		558,011		**1,047,509**
Net loss for 2022	$	8,057,795	$	308,211	$	5,360,051	$	**$13,726,057**

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

(expressed in Canadian dollars, unless otherwise stated)

15. COMMITMENTS AND CONTINGENCIES

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

The following is a summary of the payment schedules for the recognized liabilities:

	Less than 1 year	1 - 5 years	More than 5 years	Total
Canada - lease	$ 62,919	$ 11,935	$ -	$ **74,854**
Colombia - lease	69,951	175,766	-	**245,717**
	$ 132,870	$ 187,701	$ -	**$ 320,571**

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

16. CAPITAL MANAGEMENT

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

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

17. FINANCIAL INSTRUMENTS

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

17. FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value

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

Fair Value hierarchy. The Company classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

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

The shares held in Zacapa are level 1 in the fair value hierarchy. The fair value is $180,000.

b) Marketable securities

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

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

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

In January 2021, the Company acquired 2,000,000 shares of Zacapa Resources Ltd. ("Zacapa"), a Canadian private company, and a related party with two common directors, on the sale of Libero Mining Limited, a company incorporated in Delaware, USA, which held the option to acquire Tomichi. The Company measured the Zacapa common shares at fair value using the December 31, 2022, quoted market price per share traded on the TSX Venture Exchange ("TSX-V") of $0.09 per share. The fair value was determined to be $180,000, resulting in an unrealized loss of $820,000 in the statement of profit and loss.

c) Financial risk management

Credit risk

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

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

17. FINANCIAL INSTRUMENTS (CONTINUED)

The Company's concentration of credit risk arises from its cash and cash equivalents. The maximum exposure as at December 31, 2022, was $66,342 (December 31, 2021: $3,397,568).

Interest rate risk

The Company is not exposed to significant interest rate risk.

Foreign currency risk

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

The list below shows the Company's foreign currency risk

FY 2022	USD	COP
Cash and cash equivalents	5,930	94,347,565
Amounts Receivable	-	164,724,316
Prepaid expense	21,220	-
Accounts Payable and Accrued Liabilities	(29,839)	(1,108,798,066)
Lease Liability	-	(872,413,883)
	(2,689)	**(1,722,140,068)**

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

(expressed in Canadian dollars, unless otherwise stated)

17. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

		10% change in USD		10% change in COP
Change in net loss	$	364	$	48,505

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 currently has cash of $66,432 and current liabilities of $866,082. On January 6, 2023, the Company closed the final tranche of its non-brokered private placement consisting of 5,936,666 units. Each unit consists of one common share and one share purchase warrant at a price of $0.15 per unit. A private placement was also closed February 17, 2023. (See note 18 subsequent events).

18. SUBSEQUENT EVENTS

Private placement – final tranche
On January 6, 2023, the Company closed the final tranche of its non-brokered private placement consisting of 5,936,666 units. Each unit consists of one common share and one share purchase warrant at a price of $0.15 per unit for aggregate gross proceeds of $890,500. Each warrant entitles the holder to acquire one additional share at a price of $0.22 until expiry on January 6, 2025.the Company also issued 78,000 broker warrants at an exercise price of $0.22 per warrant which expire on January 6, 2025.

Mineral property option payment
On January 6, 2023, the Company paid $300,000 and issued 200,000 common shares to the holders of the Big Red property under the terms of the option agreement (note 5).

Private placement
On February 17, 2023, the Company closed a non-brokered private placement consisting of 16,533,334 units, with each unit consisting of one common share and one common share purchase warrant at a price of $0.15 per unit, for gross proceeds of $2,480,000. Each warrant entitles the holder to acquire one additional common share at a price of $0.22 until February 17, 2025. Anglo Asian Mining Plc invested in the final tranche to maintain their 19.9% interest in Libero Copper. Shares issued in this tranche to Anglo Asian Mining Plc are subject to a hold period expiring June 18, 2023, pursuant to the policies of the TSX Venture Exchange.

At the market ("ATM") program
On March 23, 2023, the Company announced that it had established an ATM equity program to issue and sell, at its discretion, up to $5,000,000 in common shares to the public from time to time at the prevailing market price when issued. The Company intends to use the net proceeds from the ATM program for exploration of its Mocoa Project located in Putumayo, Colombia, exploration of its Esperanza Project located in San Juan, Argentina, and for general corporate purposes. A total of 783,000 common shares have been issued under the ATM equity program.