

LIBERO COPPER

LIBERO COPPER & GOLD CORPORATION

**Unaudited condensed interim consolidated financial statements
For the three and nine months ended September 30, 2021**

LIBERO COPPER & GOLD CORPORATION
Unaudited condensed interim consolidated statements of financial position
(expressed in Canadian dollars)

As at	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,171,345	\$ 891,798
Amounts receivable		208,219	64,672
Prepaid expenses	3	2,114,584	49,544
		3,494,148	1,006,014
Non-current assets			
Property, plant and equipment	4	244,441	273,287
Mineral properties	5	1,578,795	1,444,148
Investment	6	1,000,000	-
Other assets	7	88,081	72,081
		2,911,317	1,789,516
Total assets		\$ 6,405,465	\$ 2,795,530
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 856,115	\$ 247,606
Flow-through share premium liability	11	18,861	132,436
Current portion of lease liability	9	58,685	72,940
		933,663	452,982
Non-current liabilities			
Lease liability	9	158,437	193,615
		158,437	193,615
Total liabilities		1,092,098	646,597
SHAREHOLDERS' EQUITY			
Share capital	10	21,660,257	13,633,487
Contributed surplus		5,143,170	3,655,856
Accumulated other comprehensive income		930	-
Deficit		(21,490,990)	(15,140,410)
Total shareholders' equity		5,313,365	2,148,933
Total liabilities and shareholders' equity		\$ 6,405,465	\$ 2,795,530
Corporate information and going concern	1		
Subsequent events	15		

On behalf of the Board of Directors:

(signed) "Jay Sujir"
Director

(signed) "Ian Slater"
Director

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

LIBERO COPPER & GOLD CORPORATION
Unaudited condensed interim consolidated statements of loss and comprehensive loss
(expressed in Canadian dollars)

	Notes	Three months ended		Nine months ended	
		Sept 30, 2021	Sept 30, 2020	Sept 30, 2021	Sept 30, 2020
EXPENSES					
Exploration	5	\$ 4,286,122	\$ 2,722,293	\$ 5,331,929	\$ 3,280,132
Investor relations		417,962	292,577	823,644	903,615
Share-based compensation	10(c)	145,289	42,996	685,313	138,526
General and administration		78,059	62,271	240,349	222,425
Salaries and benefits		50,941	62,562	204,844	197,782
Professional fees		62,336	17,527	168,670	67,099
Depreciation	4	23,612	17,059	70,054	50,806
Projects evaluations			-	11,063	13,429
		<u>5,064,321</u>	<u>3,217,285</u>	<u>7,535,866</u>	<u>4,873,814</u>
OTHER (INCOME) EXPENSES					
Gain on sale of subsidiary	6	-	-	(609,697)	-
Gain on marketable securities	13	-	-	(96,584)	-
Foreign exchange (gain) loss		(1,190)	(213)	(15,065)	11,417
Interest and other expense, net		4,162	3,723	13,273	11,789
		<u>5,067,293</u>	<u>3,220,795</u>	<u>6,827,793</u>	<u>4,897,020</u>
Deferred income tax recovery	11	(400,472)	(524,412)	(477,213)	(598,684)
Net loss		<u>\$ 4,666,820</u>	<u>\$ 2,696,383</u>	<u>\$ 6,350,580</u>	<u>\$ 4,298,336</u>
Other comprehensive income					
Foreign currency translation difference for foreign operations		(694)	-	(930)	-
Total comprehensive loss for the period		<u>\$ 4,666,127</u>	<u>\$ 2,696,383</u>	<u>\$ 6,349,650</u>	<u>\$ 4,298,336</u>
Basic and diluted loss per share		\$ 0.10	\$ 0.10	\$ 0.15	\$ 0.19
Weighted average number of common shares outstanding		47,503,450	26,893,390	42,187,813	22,847,200

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

LIBERO COPPER & GOLD CORPORATION
Unaudited condensed interim consolidated statements of changes in equity
(expressed in Canadian dollars)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2019		18,652,278	\$ 9,406,458	\$ 2,008,078	\$ -	\$ (9,650,789)	\$ 1,763,747
Private placement, net of share issue costs	10(a),(b)	10,624,605	4,750,410	1,430,063	-	-	6,180,473
Flow-through share premium liability	11	-	(794,549)	-	-	-	(794,549)
Shares issued for mineral property acquisition, net of share issue costs	10(a)	40,000	19,800	-	-	-	19,800
Share-based payments				138,526	-	-	138,526
Warrants exercised		270,000	181,415	(31,415)	-	-	150,000
Share purchase options exercised	10(c)	95,000	70,153	(30,153)	-	-	40,000
Total comprehensive loss						(4,298,336)	(4,298,336)
Balance, September 30, 2020		29,683,683	\$ 13,633,687	\$ 3,515,099	\$ -	\$ (13,949,125)	\$ 3,199,661
Balance, December 31, 2020		29,683,683	\$ 13,633,487	\$ 3,655,856	\$ -	\$ (15,140,410)	\$ 2,148,933
Private placement, net of share issue costs	10(a),(b)	13,364,130	5,135,473	1,509,159	-	-	6,644,632
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
Warrants exercised	10(b)	3,190,000	2,951,932	(584,432)	-	-	2,367,500
Share purchase options exercised	10(c)	345,000	274,726	(122,726)	-	-	152,000
Share-based compensation	10(c)	-	-	685,313	-	-	685,313
Total comprehensive loss		-	-	-	930	(6,350,580)	(6,349,650)
Balance, September 30, 2021		46,642,813	\$ 21,660,257	\$ 5,143,170	\$ 930	\$ (21,490,990)	\$ 5,299,349

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

LIBERO COPPER & GOLD CORPORATION
Unaudited condensed interim consolidated statements of cash flows
(expressed in Canadian dollars)

For the nine months ended	Notes	September 30, 2021	September 30, 2020
OPERATING ACTIVITIES			
Net loss for the period		\$ (6,350,580)	\$ (4,298,336)
<i>Adjustments for items not involving cash:</i>			
Share-based compensation	10(c)	685,313	138,526
Depreciation	4	70,054	50,806
Interest expense, net		13,614	11,789
Gain on sale of subsidiary	6	(609,697)	-
Deferred income tax recovery	11	(477,211)	(598,684)
Foreign exchange (gain) loss		(13,802)	11,417
		(6,682,309)	(4,684,482)
<i>Net changes in non-cash working capital items:</i>			
Amounts receivable		(143,570)	(31,968)
Prepaid expenses		(2,076,109)	(72,446)
Accounts payable and accrued liabilities		522,757	454,417
Net cash outflows from operating activities		(8,379,231)	(4,334,479)
FINANCING ACTIVITIES			
Issuance of units, shares and warrants, net of share issue costs	10(a),(b)	6,644,632	6,180,473
Proceeds from exercise of warrants and share purchase options	10(b),(c)	2,519,500	190,000
Principal and interest payments of lease liability	9	(77,355)	(54,935)
Net cash inflows from financing activities		9,086,777	6,315,538
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	5	(58,898)	-
Purchase of property, plant and equipment		(20,656)	(178)
Acquisition of mineral properties		(314,867)	(39,294)
Reclamation bond	7	(32,000)	(15,000)
Net cash outflows from investing activities		(426,421)	(54,472)
Net foreign exchange differences		(1,579)	-
Net increase in cash and cash equivalents		279,546	1,926,587
Cash and cash equivalents, beginning of the period		891,799	302,304
Cash and cash equivalents, end of the period		\$ 1,171,345	\$ 2,228,891

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

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

(expressed in Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION AND GOING CONCERN

Libero Copper & Gold Corporation (“Libero” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 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.

Going Concern

The Company’s unaudited interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue its operations for at least twelve months from September 30, 2021, and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenue from operations and will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral properties. Future operations of the Company are dependent upon its ability to raise additional equity financing, maintain sufficient working capital and upon future production or proceed from the disposition thereof.

As at September 30, 2021 the Company had cash and cash equivalents of \$1,171,345 and working capital of \$2,560,485. For the nine months ended September 30, 2021 the Company incurred a loss of \$6,350,580 and used cash in operations of \$6,682,309.

The Company’s operations to date have been financed by the issuance of common shares, and exercise of options and warrants. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. There is no guarantee that the Company will be able to continue to secure additional financings in the future on terms that are favourable. The nature and significance of this material uncertainty may cast significant doubt upon the Company’s ability to continue as a going concern, and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, and, accordingly, they do not contain all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). Therefore, they should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, and follow the same accounting policies and methods of application as the most recent annual financial statements except the following:

Foreign currency translation

Functional and presentation currency

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

(expressed in Canadian dollars, unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

The functional currency of Libero Esperanza Ltd., a company incorporated in the British Virgin Islands, which acquired the Company's interests in the Esperanza Porphyry Copper-Gold Project in San Juan, Argentina on January 2021 was determined to be the US dollar. *Transactions and balances*

For entities whose functional currency is different to the presentation currency are translated into the Company's presentation currency at average exchange rates for the year while their statements of financial position are translated at period end exchange rates. Exchange differences arising from the translation are recorded as a component of other comprehensive income (loss) The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2021 were authorized for issue by the Board of Directors on November 26 2021.

3. PREPAID EXPENSES

As at	September 30, 2021	December 31, 2020
Exploration		
Advance payment - Big Red drilling program	\$ 1,948,151	\$ -
Advance payment - Big Bulk drilling program	52,168	-
Mining claims maintenance fees - Tomichi	-	11,224
Investor relations	112,298	12,058
General and administration	1,967	26,262
Total	\$ 2,114,584	\$ 49,544

4. PROPERTY, PLANT AND EQUIPMENT

The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2021 were authorized for issue by the Board of Directors on November 26 2021.

	Office lease (note 9)	Leasehold improvements	Office equipment	Machinery and equipment	Computer hardware	Total
Cost						
Balance, January 1, 2020	\$ 313,605	\$ 20,378	\$ 6,617	\$ -	\$ -	\$ 340,600
Additions	73,171	-	663	-	-	73,834
Balance, December 31, 2020	\$ 386,776	\$ 20,378	\$ 7,280	\$ -	\$ -	\$ 414,434
Additions	21,663	4,903	2,419	5,319	8,015	42,319
Disposal	(1,111)					(1,111)
Balance, September 30, 2021	\$ 407,328	\$ 25,281	\$ 9,699	\$ 5,319	\$ 8,015	\$ 455,642
Accumulated depreciation						
Balance, January 1, 2020	\$ (52,267)	\$ (3,937)	\$ (550)	\$ -	\$ -	\$ (56,754)
Depreciation	(79,604)	(3,955)	(834)	-	-	(84,393)
Balance, December 31, 2020	\$ (131,871)	\$ (7,892)	\$ (1,384)	-	-	\$ (141,147)
Depreciation	(65,976)	(3,115)	(606)	(34)	(323)	(70,054)
Balance, September 30, 2021	\$ (197,847)	\$ (11,007)	\$ (1,990)	\$ (34)	\$ (323)	\$ (211,201)
Net book value, September 30, 2021	\$ 209,481	\$ 14,274	\$ 7,709	\$ 5,285	\$ 7,692	\$ 244,441
Net book value, December 31, 2020	\$ 254,905	\$ 12,486	\$ 5,896	\$ -	\$ -	\$ 273,287
Net book value, January 1, 2020	\$ 261,338	\$ 16,441	\$ 6,067	\$ -	\$ -	\$ 283,846

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

(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. Mineral properties balances changed during the nine months ended September 30, 2021, as follows:

	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Balance, December 31, 2019	\$ 931,107	\$ 329,683	\$ 78,080	\$ -	\$ -	\$ 1,338,870
Acquisition	-	55,278	50,000	-	-	105,278
Balance, December 31, 2020	\$ 931,107	\$ 384,961	\$ 128,080	\$ -	\$ -	\$ 1,444,148
Acquisition	39,281	-	68,500	102,916	308,911	519,608
Sale of subsidiary	-	(384,961)	-	-	-	(384,961)
Balance, September 30, 2021	\$ 970,388	\$ -	\$ 196,580	\$ 102,916	\$ 308,911	\$ 1,578,795

Mocoa Porphyry Copper-Molybdenum Deposit

In September 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"). To September 30, 2021, the Company has incurred \$970,388 in acquisition costs.

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 was amended on July 27, 2020. The Company incurred a total of \$384,961 of acquisition costs to December 31, 2020. In January 2021, the Company closed a transaction with Zacapa Resources Ltd. ("Zacapa", a Canadian private company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which holds the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company. Libero currently owns 4.1% of Zacapa. The accounting implications are included in note 6.

Big Red Porphyry Copper Property

In February 2019, the Company closed an option agreement to acquire 100% of the Big Red porphyry copper property in the Golden Triangle in British Columbia, Canada ("Big Red"), and incurred a total of \$196,580 of acquisition costs as at September 30, 2021 (December 31, 2020: \$128,080). The Company, at its option, may acquire 100% of Big Red in return for the issuance of 400,000 common shares of the Company and cash payments of \$440,000 over four years (the "Option") as follows:

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

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

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

Big Bulk Porphyry Copper-Gold Property

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

Purchase consideration paid:

Cash	\$	100,000
Transaction costs		2,916
Total consideration	\$	102,916

The purchase consideration has been allocated as follows:

Cash and cash equivalents	\$	44,018
Mineral properties		59,823
Accounts payable and accrued liabilities		(925)
Net assets acquired	\$	102,916

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

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

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

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

Esperanza Porphyry Copper-Gold Project

In January 2021, the Company entered into an option agreement with Latin Metals Inc. to earn-in to 70% of the Esperanza porphyry copper-gold project ("Esperanza") in San Juan, Argentina which was amended on May 26, 2021. The Company has incurred a total of \$308,911 of acquisition costs as at September 30, 2021. The Company must make the following option payments to the original project vendors and incur US \$2,000,000 of exploration expenditures in order to maintain its rights under the option agreement:

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

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

LIBERO COPPER & GOLD CORPORATION**Notes to unaudited condensed interim consolidated financial statements***(expressed in Canadian dollars, unless otherwise stated)***5. MINERAL PROPERTIES (CONTINUED)****Exploration**

The following is a summary of the Mocoa, Tomichi, Big Red, Big Bulk and Esperanza exploration expenses for the nine months ended September 30, 2021 and 2020:

For the nine months ended September 30, 2021	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Drilling	\$ -	\$ -	\$2,143,894	\$ 877,402	\$ -	\$3,021,296
Geochemical and mapping	7,303	-	847,805	247,702	36,155	1,138,965
Technical and geological consulting	441,130	-	85,395	159,206	114,967	800,698
Geophysics	-	-	128,662	-	-	128,662
Environmental, social and governance	78,330	-	44,728	-	-	123,058
License and permits	51,038	392	2,730	-	-	54,160
Legal and office administration	33,257	-	-	-	-	33,257
Field and camp	25,013	31	-	-	-	25,044
Assays	-	-	6,291	498	-	6,789
Total exploration expenses	\$ 636,071	\$ 423	\$3,259,505	\$1,284,808	\$151,122	\$5,331,929

For the nine months ended September 30, 2020	Mocoa	Tomichi	Big Red	Big Bulk	Esperanza	Total
Drilling	\$ -	\$ -	\$2,357,981	\$ -	\$ -	\$2,357,981
Geochemical and mapping	-	-	472,603	-	-	472,603
Technical and geological consulting	236,101	-	46,667	-	-	282,768
License and permits	38,403	8,431	49,519	-	-	96,353
Field and camp	34,064	19,263	17,100	-	-	70,427
Total exploration expenses	\$ 308,568	\$27,694	\$2,943,870	\$ -	\$ -	\$3,280,132

6. INVESTMENT

In January 2021, the Company closed a transaction with Zacapa Resources Ltd. ("Zacapa", a Canadian private company, and a related party with two common directors) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which holds the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company. Libero currently owns 4.1% of Zacapa (note 5).

The Company measured the Zacapa common shares at fair value at initial recognition which was determined to be \$1,000,000. The Company recorded a gain of \$609,697 in the consolidated statements of loss and comprehensive loss on the sale of Libero Mining Limited. As at September 30, 2021, the fair value of Zacapa common shares was consistent with initial recognition.

Balance, December 31, 2020	\$ -
Fair value of 2,000,000 Zacapa shares issued to Libero at a price of \$0.50 per share	1,000,000
Balance, September 30, 2021	\$ 1,000,000

LIBERO COPPER & GOLD CORPORATION**Notes to unaudited condensed interim consolidated financial statements***(expressed in Canadian dollars, unless otherwise stated)***7. OTHER ASSETS**

As at	September 30, 2021	December 31, 2020
Reclamation bond – Big Red	\$ 60,000	\$ 44,000
Security deposit – Office Lease	28,081	28,081
Total	\$ 88,081	\$ 72,081

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	September 30, 2021	December 31, 2020
Trade payables	\$ 530,185	\$ 107,938
Other accrued liabilities	325,930	139,668
Total	\$ 856,115	\$ 247,606

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

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

During the year ended December 31, 2020, the Company's 100% owned subsidiary entered into a number of leases relating to an office in Bogota and core warehouses at Mocoa and recorded a right-of-use asset of \$73,171 within property, plant and equipment (note 4) and a corresponding lease liability of \$73,171. The incremental borrowing rate for these lease liabilities is 12.5%.

	Lease liability
Balance, March 1, 2019	\$ 313,605
Cash principal and interest payments	(59,611)
Non-cash interest expense	15,933
Balance, December 31, 2019	\$ 269,927
Additions (note 4)	73,171
Cash principal and interest payments	(91,410)
Non-cash interest expense	14,867
Balance, December 31, 2020	\$ 266,555
Additions, net of disposition (Note 4)	20,552
Cash principal and interest payments	(77,355)
Non-cash interest expense	13,590
Foreign exchange difference	(6,220)
Balance, September 30, 2021	217,122
Current portion of lease liability	58,685
Long-term portion of lease liability	\$ 158,437

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Notes to unaudited condensed interim consolidated financial statements

(expressed in Canadian dollars, unless otherwise stated)

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

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

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

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

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

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

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

As at September 30, 2021, the Company had 46,642,813 common shares issued and outstanding.

a) Warrants

All warrant information presented in these unaudited condensed interim consolidated financial statements has been adjusted retroactively to reflect a share consolidation on the basis of five pre-consolidation common shares for one post-consolidation common share.

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

During the nine months ended September 30, 2021, 3,190,000 warrants were exercised at weighted average exercise price of \$0.74 per warrant for total proceeds of \$2,367,500.

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10. SHARE CAPITAL (CONTINUED)
b) Warrants (continued)

On September 30, 2021, 3,430,000 warrants expired unexercised. The fair value of these warrants of \$577,675 remained in contributed surplus.

Information regarding warrants outstanding at September 30, 2021 is as follows:

	Warrants outstanding		Weighted average exercise price
Outstanding, December 31, 2019	6,850,000	\$	0.70
Issued	8,004,416		0.75
Exercised	(270,000)		0.56
Outstanding, December 31, 2020	14,584,416	\$	0.74
Issued	6,682,065		0.75
Exercised	(3,190,000)		0.74
Expired	(3,430,000)		0.51
Outstanding, September 30, 2021	14,646,481	\$	0.75

As at September 30, 2021, the Company had 14,646,481 warrants outstanding, with weighted average exercise price of \$0.75 and a remaining life of 1.22 years:

Expiry date	Warrants outstanding		Weighted average exercise price	Weighted average remaining life (years)
March 12, 2022	900,000		0.75	0.70
May 13, 2022	7,064,416		0.75	0.87
February 22, 2023	6,682,065		0.75	1.65
	14,646,481	\$	0.75	1.22

In connection with the February 2021 private placement, the Company has calculated and recorded to contributed surplus the fair value of 6,682,065 (September 30, 2020: 8,004,416) warrants issued of \$1,509,159 (September 30, 2020: \$1,430,063) based on the relative fair value approach with the following weighted average variables:

	September 30, 2021	September 30, 2020
Risk free interest rate	0.23%	0.32%
Expected volatility	131.91%	134.56%
Expected life (years)	2	2
Expected dividends (yield)	0%	0%
Fair value per warrant	\$ 0.30	\$ 0.25

b) Share Purchase Options

All option information presented in these unaudited condensed interim consolidated financial statements has been adjusted retroactively to reflect a share consolidation on the basis of five pre-consolidation common shares for one post-consolidation common share.

On January 25, 2021, the Company granted 300,000 incentive stock options to new directors and officers pursuant to the Company's stock option plan. The share purchase options are exercisable at a price of \$0.55 and will expire on December 17, 2025.

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10. SHARE CAPITAL (CONTINUED)
c) Share Purchase Options (continued)

On April 13, 2021, and September 23, 2021, the Company granted 790,000 incentive stock options to new employees and consultants pursuant to the Company's stock option plan. The share purchase options are exercisable at a weighted average exercise price of \$0.56 and will expire on April 13, 2026.

During the nine months ended September 30, 2021, 345,000 share purchase options were exercised at weighted average exercise price of \$0.44 per option for total proceeds of \$152,000.

Information regarding share purchase options outstanding at September 30, 2021 is as follows:

	Options outstanding		Weighted average exercise price
Outstanding, December 31, 2019	1,730,000	\$	0.52
Granted	1,390,000		0.38
Exercised	(95,000)		0.42
Expired	(30,000)		0.75
Outstanding, December 31, 2020	2,995,000	\$	0.45
Granted	1,090,000		0.56
Exercised	(345,000)		0.44
Expired	(220,000)		0.57
Forfeiture	(30,000)		0.35
Outstanding, September 30, 2021	3,490,000	\$	0.49

Information regarding share purchase options outstanding and exercisable at September 30, 2021 is as follows:

Expiry date	Options outstanding	Options exercisable	Weighted average exercise price	Weighted average remaining life (years)
December 15, 2022	85,000	85,000	0.50	1.46
December 11, 2023	735,000	735,000	0.47	2.45
October 2, 2024	360,000	360,000	0.77	3.26
December 17, 2025	1,520,000	1,052,500	0.39	4.47
April 13, 2026	790,000	197,500	0.56	4.79
	3,490,000	2,430,000	\$ 0.49	3.92

LIBERO COPPER & GOLD CORPORATION**Notes to unaudited condensed interim consolidated financial statements***(expressed in Canadian dollars, unless otherwise stated)***10. SHARE CAPITAL (CONTINUED)****Share Purchase Options (continued)**

The fair value of 1,090,000 share purchase options granted with weighted average exercise price of \$0.56 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2021
Risk free interest rate	0.80%
Expected volatility	123.24%
Expected life (years)	5
Expected dividends (yield)	0%
	\$
Fair value per option	0.44

No options were granted during the nine months ended September 30, 2020.

Share-based compensation expense related to share purchase options for the three and nine months ended September 30, 2021, was \$145,289 and \$685,313, respectively (September 30, 2020: \$42,996 and 138,526), and has been recorded in the consolidated statements of loss and comprehensive loss.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

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

	Flow-through share premium liability
Balance, December 31, 2019	\$ -
Liability incurred on flow-through shares issued	794,549
Settlement of flow-through share premium liability upon incurring qualifying expenses	(662,113)
Balance, December 31, 2020	\$ 132,436
Liability incurred on flow-through shares issued	363,636
Settlement of flow-through share premium liability upon incurring qualifying expenses	(477,211)
Balance, September 30, 2021	\$ 18,861

During the nine months ended September 30, 2021, the Company incurred \$4,859,856 (September 30, 2020: \$2,943,870) of exploration expenditures on Big Red and Big Bulk (note 5) of which the \$4,852,053 (September 30, 2020: \$2,834,232) were flow-through eligible expenditures. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of \$400,472 (September 30, 2020: \$524,412), and \$477,212 (September 30, 2020: \$598,684) in the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021.

LIBERO COPPER & GOLD CORPORATION**Notes to unaudited condensed interim consolidated financial statements***(expressed in Canadian dollars, unless otherwise stated)***12. RELATED PARTY TRANSACTIONS**

Key management including, directors, and officers received the following salaries and benefits during the nine months ended September 30, 2021 and 2020:

For the nine months ended	September 30, 2021		September 30, 2020	
Share-based compensation	\$	459,042	\$	260,396
Employee salaries and benefits		202,922		75,174
	\$	661,964	\$	335,570

The following table provides the total amount of transactions, which have been entered into by the Company with related parties during the nine months ended September 30, 2021 and 2020:

For the nine months ended	September 30, 2021		September 30, 2020	
Purchases:				
Accounting and legal costs recharged from a company controlled by director Ian Slater	\$	135,000	\$	135,000
Legal fees to Farris, Vaughan, Wills & Murphy LLP in which director Jay Sujir is a partner	\$	93,188	\$	31,162
Geological consulting fees to Serac Exploration Limited a company with two common directors - Ian Slater and Bradley Rourke	\$	241,665	\$	-
Consulting fees to Scottie Resources Corp. a company with two common directors Ernest Mast and Bradley Rourke	\$	10,915	\$	-

The following table provides outstanding balances as at September 30, 2021 and December 31, 2020:

As at	September 30, 2021		December 31, 2020	
Amounts owed to:				
Farris, Vaughan, Wills & Murphy LLP in which director Jay Sujir is a partner	\$	4,767	\$	2,243
Serac Exploration Limited a company with two common directors Ian Slater and Bradley Rourke	\$	64,260	\$	-

Related party transactions are measured at the amounts agreed upon by the parties and valued at their cost.

In January 2021, the Company closed a transaction with Zacapa Resources Ltd. ("Zacapa", a Canadian private company, and a related party with two common directors Ian Slater and Jay Sujir) to sell Libero Mining Limited, a company incorporated in Delaware, USA, which holds the option to acquire Tomichi, in return for the issuance of 2,000,000 Zacapa shares to the Company. Libero currently owns 4.1% of Zacapa (note 6).

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

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13. FINANCIAL INSTRUMENTS

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 fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 3 financial instruments are those fair valued based on significant inputs that are unobservable (supported by little or no market activity). The Company's investment in Zacapa common shares is classified as a level 3 financial instrument. The fair value of Zacapa common shares at initial recognition and subsequent measurement was based on the most recent market activity of Zacapa (note 6).

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 better exchange rate. In this regard, under this strategy, the Company generally uses marketable securities of large and well established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the market securities occurs over several days, some fluctuations are unavoidable.

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

As a result of having utilized this mechanism for intragroup funding for the nine months ended September 30, 2021, the Company acquired and transferred marketable securities at a cost of \$169,022, converting it to \$265,606, realizing a gain of \$96,584 (September 30, 2020: \$nil), which has been recorded in the consolidated statements of loss and comprehensive loss.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended September 30, 2021, the Company:

- a) issued 60,000 common shares at a price of \$0.475 per share with an estimated fair value of \$28,500 in accordance with the Big Red option agreement (note 5).
- b) issued 91,404 NFT units (note 10) in association with the 6% finder's fee. Of the total finder's fee of \$290,250, \$43,321 was settled with the NFT units and the remainder was settled in cash.

During the period ended September 30, 2020, the Company:

- a) issued 40,000 common shares at a price of \$0.50 per share with an estimated fair value of \$20,000 in accordance with the Big Red option agreement.
- b) issued 193,416 NFT units in association with the 6% finder's fee. Of the total finder's fee of \$111,768, \$96,708 was settled with the NFT units and the remainder was settled in cash.

LIBERO COPPER & GOLD CORPORATION

Notes to unaudited condensed interim consolidated financial statements

(expressed in Canadian dollars, unless otherwise stated)

15. SUBSEQUENT EVENTS

Stock option grant

On October 5, 2021, the Company appointed Red Cloud Securities Inc. and Red Cloud Financial Services Inc. (together “Red Cloud”) to provide capital markets and advisory services. The Company, subject to regulatory approval, granted Red Cloud 200,000 stock options at an exercise price of \$0.50 per share and will expire on October 5, 2024.

Stock option exercise

Subsequent to September 30, 2021, 205,000 stock options were exercised for gross proceeds of \$72,875.