LIBERO COPPER & GOLD CORPORATION

Consolidated financial statements

For the years ended December 31, 2020 and 2019

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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- 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.

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.

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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.

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 28, 2021

LIBERO COPPER & GOLD CORPORATION

Consolidated statements of financial position

(expressed in Canadian dollars)

As at	Notes	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 891,798	$ 302,304
Amounts receivable		64,672	108,983
Prepaid expenses		49,544	89,608
		1,006,014	**500,895**
Non-current assets			
Property, plant and equipment	4	273,287	283,846
Mineral properties	5	1,444,148	1,338,870
Other receivables	6	72,081	57,081
		1,789,516	**1,679,797**
Total assets		$ **2,795,530**	$ **2,180,692**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 247,606	$ 147,018
Flow-through share premium liability	10	132,436	-
Current portion of lease liability	8	72,940	54,900
		452,982	**201,918**
Non-current liabilities			
Lease liability	8	193,615	215,027
		193,615	**215,027**
Total liabilities		**646,597**	**416,945**
SHAREHOLDERS' EQUITY			
Share capital	9	13,633,487	9,406,458
Contributed surplus		3,655,856	2,008,078
Deficit		(15,140,410)	(9,650,789)
Total shareholders' equity		**2,148,933**	**1,763,747**
Total liabilities and shareholders' equity		$ **2,795,530**	$ **2,180,692**

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, 2020	December 31, 2019
EXPENSES			
Exploration	5	$ 4,045,354	$ 2,254,717
Investor relations		1,030,177	411,421
General and administration		292,237	509,907
Share-based compensation	9(c)	279,283	475,499
Salaries and benefits		261,272	273,401
Professional fees		112,935	114,171
Depreciation	4	84,393	58,872
Project evaluations		18,694	14,659
		6,124,345	**4,112,647**
OTHER EXPENSES			
Foreign exchange loss		11,294	25
Interest and other expense		16,095	15,726
Loss before income taxes		6,151,734	4,128,398
Deferred income tax recovery	10,11	(662,113)	(509,524)
Net loss and total comprehensive loss for the year		**$ 5,489,621**	**$ 3,618,874**
Basic and diluted loss per share		$ 0.25	$ 0.27
Weighted average number of common shares outstanding		24,565,661	15,145,510

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	Deficit	Total
Balance, December 31, 2018		**61,256,631**	$ **7,353,000**	$ **431,567**	$ **(6,031,915)**	$ **1,752,652**
Consolidation of common shares	9,17	(49,005,306)	-	-	-	-
Private placement, net of share issue costs	9(a),(b)	6,380,952	2,554,682	1,101,012	-	3,655,694
Flow-through share premium liability	10,11	-	(509,524)	-	-	(509,524)
Shares issued for mineral property acquisition, net of share issue costs	9(a)	20,000	8,300	-	-	8,300
Share-based compensation	9(c)	-	-	475,499	-	475,499
Total comprehensive loss		-	-	-	(3,618,874)	(3,618,874)
Balance, December 31, 2019		**18,652,277**	$ **9,406,458**	$ **2,008,078**	$ **(9,650,789)**	$ **1,763,747**
Private placement, net of share issue costs	9(a),(b)	10,626,406	4,750,210	1,430,063	-	6,180,273
Flow-through share premium liability	10,11	-	(794,549)	-	-	(794,549)
Shares issued for mineral property acquisition, net of share issue costs	9(a)	40,000	19,800	-	-	19,800
Share-based compensation	9(c)	-	-	279,283	-	279,283
Share purchase options exercised	9(c)	95,000	70,153	(30,153)		40,000
Warrants exercised	9(b)	270,000	181,415	(31,415)		150,000
Total comprehensive loss		-	-	-	(5,489,621)	(5,489,621)
Balance, December 31, 2020		**29,683,683**	$ **13,633,487**	$ **3,655,856**	$ **(15,140,410)**	$ **2,148,933**

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, 2020	December 31, 2019
OPERATING ACTIVITIES			
Net loss for the year		$ **(5,489,621)**	$ **(3,618,874)**
Adjustments for items not involving cash:			
Share-based compensation	9(c)	279,283	475,499
Depreciation	4	84,393	58,872
Interest expense, net		16,095	15,726
Foreign exchange loss		9,919	25
Deferred income tax recovery	10,11	(662,113)	(509,524)
		(5,762,044)	**(3,578,276)**
Net changes in non-cash working capital items:			
Amounts receivable		44,861	(101,855)
Prepaid expenses		40,064	81,507
Accounts payable and accrued liabilities		94,630	33,847
Net cash outflows from operating activities		**(5,582,489)**	**(3,564,777)**
FINANCING ACTIVITIES			
Issuance of units, shares and warrants, net of share issue costs	9(a),(b)	6,180,273	3,655,694
Proceeds from exercise of warrants and share purchase options	9(b),(c)	190,000	-
Cash principal and interest payments of lease liability	8	(91,410)	(59,611)
Net cash inflows from financing activities		**6,278,863**	**3,596,083**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(663)	(12,955)
Reclamation bond	6	(15,000)	(29,000)
Acquisition of mineral properties		(92,592)	(103,891)
Net cash outflows from investing activities		**(108,255)**	**(145,846)**
Net foreign exchange differences		1,375	-
Net increase (decrease) in cash and cash equivalents		**589,494**	**(114,540)**
Cash and cash equivalents, beginning of the year		302,304	416,844
Cash and cash equivalents, end of the year		$ **891,798**	$ **302,304**

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

1. NATURE OF OPERATIONS

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.

The Company incurred a net loss during the year ended December 31, 2020 of $5,489,621 and has an accumulated deficit at December 31, 2020 of $15,140,410. As at December 31, 2020, the Company had cash and cash equivalents of $891,798 and a working capital of $553,032. In February 2021, the Company closed a non-brokered private placement for aggregate gross proceeds of $7,000,000 (note 17).

The Company's operations to date have been financed by issuing common shares. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing (note 17).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("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, 2020 were authorized for issue by the Board of Directors on April 28, 2021.

Basis of consolidation

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

- Libero Mining Limited, a company incorporated in Delaware, in the United States of America ("USA") which holds the Tomichi porphyry copper-molybdenum option agreement; and
- 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.

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.

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.

3. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted 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 its subsidiaries is the Canadian dollar. 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.

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 declining balance method at the following rates:

- Computer Hardware – 30% per annum
- Software – 100% per annum
- Field Equipment – 30% per annum
- Office Equipment – 20% per annum
- Vehicles – 30% 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. Costs of producing properties 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 asset's 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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 flow-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. 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) Management 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.

(expressed in Canadian dollars, unless otherwise stated)

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

k) Management judgments and key sources of estimation uncertainty (continued)

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. If any such indication exists, an estimate of the recoverable amount of the asset is undertaken, being the higher of an asset's fair value, less costs of disposal and its value in use. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss.

Impairment indicators are considered to exist 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 and has determined that there are no indications of impairment.

4. PROPERTY, PLANT AND EQUIPMENT

	Office lease (note 8)	Leasehold improvements	Office equipment	Total
Cost				
Balance, January 1, 2019	$ **-**	$ **14,040**	$ **-**	$ **14,040**
Additions	313,605	6,338	6,617	326,560
Balance, December 31, 2019	$ **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**
Accumulated depreciation				
Balance, January 1, 2019	$ **-**	$ **-**	$ **-**	$ **-**
Depreciation	(52,267)	(3,937)	(550)	(56,754)
Balance, December 31, 2019	$ **(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)**
Net book value, December 31, 2020	$ **254,905**	$ **12,486**	$ **5,896**	$ **273,287**
Net book value, December 31, 2019	$ **261,338**	$ **16,441**	$ **6,067**	$ **283,846**
Net book value, January 1, 2019	$ **-**	$ **14,040**	$ **-**	$ **14,040**

(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 year ended December 31, 2020, as follows:

	Mocoa	Tomichi	Big Red	Total
Balance, December 31, 2018	$ **931,107**	$ **288,457**	$ **-**	$ **1,219,564**
Acquisition	-	41,226	78,080	119,306
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**

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").

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 has incurred a total of $384,961 of acquisition costs as at December 31, 2020 (December 31, 2019: $329,683). The Company has an option until December 16, 2022 to acquire 100% of Tomichi for an exercise price of US $2 million (the "Exercise Price"). The Company must make the following option payments in order to maintain rights under the option agreement:

- US $40,000 on December 16, 2020 *(paid)*; and
- US $60,000 on December 16, 2021.

Option payments made to maintain the option are not credited against the Exercise Price. However, at any time the option may be exercised early by paying the Exercise Price with no further option payments required. Upon acquiring 100% of Tomichi, the Company shall grant a 0.5% NSR royalty to the vendors, 0.25% of which may be repurchased by the Company at any time for $250,000.

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 $128,080 of acquisition costs as at December 31, 2020 (December 31, 2019: $78,080). 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, subsequent to year-end);*
- $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.

(expressed in Canadian dollars, unless otherwise stated)

5. MINERAL PROPERTIES (CONTINUED)

Exploration

The following is a summary of the Mocoa, Tomichi, and Big Red exploration expenses for the year ended December 31, 2020 and 2019:

For the year ended December 31, 2020	Mocoa	Tomichi	Big Red	Total
Drilling	$ -	$ -	$ 2,965,331	$ 2,965,331
Geochemical and mapping	-	-	472,402	472,402
Technical and geological consulting	337,465	-	54,572	392,037
License and permits	76,393	11,210	50,038	137,641
Field and camp	35,826	23,517	18,600	77,943
Total exploration expenses	**$ 449,684**	**$ 34,727**	**$ 3,560,943**	**$ 4,045,354**

For the year ended December 31, 2019	Mocoa	Tomichi	Big Red	Total
Drilling	$ -	$ -	$ 917,789	$ 917,789
Geochemical and mapping	-	-	474,041	474,041
Technical and geological consulting	309,653	13,203	116,134	438,990
License and permits	82,401	10,110	11,000	103,511
Field and camp	61,018	26,295	75,437	162,750
Geophysics	-	-	157,636	157,636
Total exploration expenses	**$ 453,072**	**$ 49,608**	**$ 1,752,037**	**$ 2,254,717**

6. OTHER RECEIVABLES

As at	December 31, 2020	December 31, 2019
Reclamation bond – Big Red	$ 44,000	$ 29,000
Security deposit – Office Lease	28,081	28,081
Total	**$ 72,081**	**$ 57,081**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2020	December 31, 2019
Trade payables	$ 107,938	$ 83,531
Other accrued liabilities	139,668	63,487
Total	**$ 247,606**	**$ 147,018**

8. 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%.

(expressed in Canadian dollars, unless otherwise stated)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

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 in 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 the lease liability recognized as of December 31, 2020 was 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**
Current portion of lease liability		72,940
Long-term portion of lease liability	$	**193,615**

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

All share information presented in these consolidated financial statements has 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 (note 17).

All comparative period information and basic and diluted loss per common share have been adjusted to reflect the consolidation.

On January 7, 2020, the Company issued 40,000 common shares at an estimated fair value of $20,000 ($19,800 net of share issue costs) in accordance with the Big Red option agreement (note 5).

On March 12, 2020, the Company closed a non-brokered private placement of 900,000 units (the "NFT Unit Offering") at a price of $0.50 per unit for aggregate gross proceeds of $450,000 ($445,570 net of share issue costs). Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.75 until March 12, 2022.

On May 13, 2020, May 21, 2020, and June 3, 2020 the Company closed multiple tranches of a non-brokered private placement consisting of: (i) 2,975,000 units at a price of $0.50 per unit (the "NFT Unit Offering"), (ii) 2,196,000 units at a price of $0.55 per unit (the "FT Unit Offering") and (iii) 1,740,000 units at a price of $0.75 per unit (the "Super FT Unit Offering"). Aggregate gross proceeds were $4,000,300 ($3,763,393 net of share issue costs). A 6% finder's fee was paid by issuing 193,416 NFT units at a price of $0.50 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.75 until May 13, 2022.

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 new 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.

(expressed in Canadian dollars, unless otherwise stated)

9. SHARE CAPITAL (CONTINUED)

a) Authorized share capital (continued)

On September 30, 2020, the Company closed a non-brokered private placement of 2,497,490 common shares at a price of $0.80 per common share (the "FT Offering") for aggregate gross proceeds of $1,997,992 ($1,971,310 net of share issue costs). A 6% finder's fee was paid by issuing 124,500 NFT common shares at a price of $0.80 per common share.

Common Shares issued under the FT Unit Offering, Super FT Unit Offering, and FT Offering qualify as flow-through shares. The gross proceeds from the FT Unit Offering, Super FT Unit Offering, and FT Offering were used to incur 'Canadian exploration expenses' which qualify as 'flow-through mining expenditures' as those terms are defined in the Income Tax Act and were renounced to the initial purchaser of the flow-through shares (note 10).

As at December 31, 2020, the Company had 29,683,683 common shares issued and outstanding.

b) Warrants

All warrant information presented in these 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 (note 17).

During the year ended December 31, 2020, 8,004,416 share purchase warrants were issued as part of the private placements of units. Each warrant entitles the holder thereof to acquire one common share for a period of 24 months from closing at a price of $0.75 per common share.

During the year ended December 31, 2020, 210,000 warrants were exercised at an exercise price of $0.50 per warrant and 60,000 warrants were exercised at an exercise price of $0.75 per warrant for total proceeds of $150,000.

Information regarding warrants outstanding at December 31, 2020 and changes for the year is as follows:

	Warrants outstanding		Weighted average exercise price
Outstanding, December 31, 2018	**850,000**	$	**0.50**
Issued	6,000,000		0.75
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**

As at December 31, 2020, the Company had 14,584,416 warrants outstanding, with an average exercise price of $0.74 and a remaining life of 0.91 years:

Expiry date	Warrants outstanding		Weighted average exercise price	Weighted average remaining life (years)
March 1, 2021	300,000	$	0.50	0.16
April 8, 2021	340,000		0.50	0.27
June 7, 2021	5,940,000		0.75	0.43
March 12, 2022	900,000		0.75	1.19
May 13, 2022	7,104,416		0.75	1.36
	14,584,416	$	**0.74**	**0.91**

(expressed in Canadian dollars, unless otherwise stated)

9. SHARE CAPITAL (CONTINUED)

b) Warrants (continued)

The Company has calculated and recorded to contributed surplus the fair value of 8,004,416 (December 31, 2019: 6,000,000) warrants issued of $1,430,063 (December 31, 2019: $1,101,012) based on the relative fair value model with the following weighted average variables:

		December 31, 2020		December 31, 2019
Risk free interest rate		0.32%		1.37%
Expected volatility		134.56%		119.97%
Expected life (years)		2		1.9
Expected dividends (yield)		0%		0%
Fair value per warrant	$	**$0.26**	$	**$0.40**

c) Share Purchase Options

All option information presented in these 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 (note 17).

Information regarding share purchase options outstanding at December 31, 2020 and changes for the year is as follows:

	Options outstanding		Weighted average exercise price
Outstanding, December 31, 2018	**1,070,000**	$	**0.42**
Granted	830,000		0.65
Expired	(117,500)		0.46
Forfeiture	(52,500)		0.38
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**

During the year ended December 31, 2020, 95,000 share purchase options were exercised at weighted average exercise price of $0.42 per option for total proceeds of $40,000.

Information regarding share purchase options outstanding and exercisable at December 31, 2020 is as follows:

Expiry date	Options outstanding	Options exercisable		Exercise price	Weighted average remaining life (years)
March 16, 2021	145,000	145,000	$	0.50	0.21
May 19, 2021	40,000	40,000		0.50	0.38
December 15, 2022	105,000	105,000		0.50	1.96
December 11, 2023	1,005,000	1,005,000		0.47	2.95
October 2, 2024	390,000	350,000		0.77	3.76
December 17, 2025	1,310,000	327,500		0.35	4.96
	2,995,000	**1,972,500**	$	**0.45**	**3.73**

(expressed in Canadian dollars, unless otherwise stated)

9. SHARE CAPITAL (CONTINUED)

c) Share Purchase Options (continued)

During the year ended December 31,2020, 1,390,000 (December 31, 2019: 830,000) share purchase options were granted with an exercise price of $0.38 (December 31, 2019: $0.65). The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020	December 31, 2019
Risk free interest rate	0.44%	1.36%
Expected volatility	129.08%	142.77%
Expected life (years)	5	5
Expected dividends (yield)	0%	0%
Fair value per option	$ **0.32**	$ **0.55**

Share-based compensation expense related to share purchase options for the year ended December 31, 2020, was $279,283 (December 31, 2019: $475,499), and has been recorded in the consolidated statements of comprehensive loss.

10. 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, 2018	$ -
Liability incurred on flow-through shares issued	509,524
Settlement of flow-through share premium liability upon incurring qualifying expenses	(509,524)
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**

As at December 31, 2020, the Company incurred a total of $3,560,943 (December 31, 2019: $1,752,037) of exploration expenditures on Big Red (note 5) of which the $3,451,305 (December 31, 2019: $1,700,000) were flow-through expenditures. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of $622,113 (December 31, 2019: $509,524) in the Company's consolidated financial statements.

(expressed in Canadian dollars, unless otherwise stated)

11. INCOME TAX

The Company is subject to tax in Canada, the USA, and Colombia at rates of 27%, 25%, and 31%, respectively, for the year ended December 31, 2020. The Company had no assessable profit in Canada, the USA, or Colombia for the year ended December 31, 2020.

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:

For the year ended	December 31, 2020	December 31, 2019
Net loss for the year	$ (6,151,734)	$ **(4,128,398)**
Statutory tax rate	27%	27%
Recovery tax at the statutory rate	**(1,660,968)**	**(1,114,667)**
Permanent differences and other	1,012,365	621,911
Change in deferred tax assets not recognized	608,491	313,008
Foreign exchange	57,011	57,387
Change in prior period estimates	(2,710)	89,389
Difference in tax rate of foreign jurisdiction and other	(14,189)	(16,143)
Change in tax rate	-	56,790
Share issue costs	-	(7,675)
Derecognition of flow-through share premium liability	(662,113)	(509,524)
Income tax recovery	$ **(662,113)**	$ **(509,524)**

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

For the year ended	December 31, 2020	December 31, 2019
Deductible temporary differences		
Loss carry-forwards	$ 10,152,630	$ 8,140,552
Mineral properties	973,763	660,389
Share issue costs	402,247	46,704
Lease liability	11,651	8,590
Property, plant and equipment	9,022	-
Total deductible temporary differences	$ **11,549,313**	$ **8,856,235**

The Company has non-capital loss carryforwards of approximately $10,152,630 (December 31, 2019: $8,146,095), 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.

12. RELATED PARTY TRANSACTIONS

Key management, directors, and officers received the following salaries and benefits during the year ended December 31, 2020 and 2019:

For the year ended	December 31, 2020	December 31, 2019
Employee salaries and benefits	$ 332,232	$ 361,601
Share-based compensation	197,032	332,086
	$ **529,264**	$ **693,687**

(expressed in Canadian dollars, unless otherwise stated)

12. 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, 2020 and 2019:

For the year ended		December 31, 2020		December 31, 2019
Purchases:				
Costs recharged from a company controlled by director Ian Slater	$	180,000	$	400,000
Legal fees to Farris, Vaughan, Wills & Murphy LLP in which director Jay Sujir is a partner	$	33,304	$	30,189
Amounts owed to:				
Farris, Vaughan, Wills & Murphy LLP in which director Jay Sujir is a partner	$	2,243	$	13,567

Related party transactions are measured at the amounts agreed upon by the parties.

13. 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 three geographic regions, Canada, USA, and Colombia, as follows:

As at December 31, 2020		Canada		USA		Colombia		Total
Total assets	$	1,376,587	$	396,431	$	1,022,512	$	**2,795,530**
Total liabilities		519,409		6,049		121,139		**646,597**
Net loss for 2020	$	5,004,425	$	41,335	$	443,861	$	**5,489,621**

As at December 31, 2019		Canada		USA		Colombia		Total
Total assets	$	821,390	$	340,968	$	1,018,334	$	**2,180,692**
Total liabilities		390,610		7,692		18,643		**416,945**
Net loss for 2019	$	3,201,699	$	55,026	$	362,149	$	**3,618,874**

14. COMMITMENTS AND CONTINGENCIES

The Company has to make cash payments in order to meet the terms of the option agreements entered into to purchase Tomichi, Big Red, Big Bulk and Esperanza as described in note 5 and note 17, respectively.

The following is a summary of the commitments:

		Less than 1 year		1 - 5 years		More than 5 years		Total
Office lease	$	48,576	$	130,138	$	-	$	**178,714**
Other		59,861		149		-		**60,010**
	$	108,437	$	130,287	$	-	$	**238,724**

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.

15. 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 the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce debt. 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.

16. 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.

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 has no financial instruments measured at fair value.

b) 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.

The Company's concentration of credit risk arises from its cash and cash equivalents and as at December 31, 2020, the maximum exposure thereto is $891,798 (December 31, 2019: $302,304).

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 Company's currency risk is presently limited to cash and cash equivalents, amounts receivable, and accounts payable and accrued 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)

16. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Foreign currency risk (continued)

The Company also has transactional currency exposures such as the Tomichi option agreement payments and various working capital requirements for the Mocoa deposit. Such exposures arise from purchases in currencies other than Canadian dollars, typically the USD and the COP. 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	$ 2,222	$ 8,547

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 anticipates that it has sufficient liquidity to meet liabilities when due (note 17).

17. SUBSEQUENT EVENTS

Share Consolidation

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. The reasons for the consolidation are to increase the Company's flexibility in the marketplace and to make the Company's securities more attractive to a wider audience of potential investors (note 9).

All share, warrant and option information presented in these 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.

Private Placement

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 "NFT Unit Offering") and (ii) 7,272,726 units at a price of $0.55 per unit (the "FT Unit Offering") for aggregate gross proceeds of $7,000,000. A Finder's Fee of 6% was paid in cash or Units on a portion of the Offering. 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 Income Tax Act which will be renounced to the initial purchasers of the flow-through shares.

17. SUBSEQUENT EVENTS (CONTINUED)

Stock option grant

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 stock options are exercisable at a price of $0.55 and will expire on December 17, 2025.

On April 13, 2021, the Company granted 570,000 incentive stock options to new employees and consultants pursuant to the Company's stock option plan. The stock options are exercisable at a price of $0.58 and will expire on April 13, 2026.

Big Red Porphyry Gold-Copper Property

On January 25, 2021, the Company issued 60,000 common shares under the Big Red option agreement (note 5).

Big Bulk Porphyry Gold-Copper Property

In January 2021, the Company entered into an option agreement to acquire 100% of the Big Bulk porphyry gold-copper property in the Golden Triangle in British Columbia, Canada ("Big Bulk"). 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 in cash on October 7, 2020 (paid);
- $75,000 in cash and incur $100,000 of exploration expenditures on or before December 31, 2021;
- $100,000 in cash and incur $150,000 of exploration expenditures on or before December 31, 2022;
- $150,000 in cash and incur $250,000 of exploration expenditures on or before December 31, 2023; and
- $250,000 in cash 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 at any time for $100,000. In addition, SA Targeted Investing Corp., a subsidiary of Sandstorm Gold Ltd. is entitled to a 1.5% NSR, which the Company has the right to reduce to a 0.75% NSR upon payment of $1,000,000.

Esperanza Porphyry Gold-Copper Project

In January 2021, the Company entered into an option agreement with Latin Metals Inc. to earn-in to 70% of the Esperanza porphyry gold-copper project ("Esperanza") in Argentina. The Company must make the following option payments to the original project vendors and incur the following exploration expenditures in order to maintain its rights under the option agreement:

- US $300,000 in cash on June 15, 2021;
- US $750,000 in cash and incur US $1,000,000 of exploration expenditures on or before December 15, 2021; and
- US $1,353,000 in cash and incur US $1,000,000 of exploration expenditures on or before December 15, 2022.

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.

Sale of Option on the Tomichi Porphyry Copper-Molybdenum Deposit

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 has the option to acquire Tomichi (note 5), in return for the issuance of 2,000,000 Zacapa shares to the Company. Libero currently owns 6.5% of Zacapa.