Golden Arrow Resources Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Golden Arrow Resources Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Golden Arrow Resources 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 as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity 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 Craig McMillan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 15, 2021

Golden Arrow Resources Corporation
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		6,607,721	2,750,129
Investments	7	17,267,825	26,129,044
Amounts receivable	10	358,517	195,350
Prepaid expenses		134,853	170,380
Total current assets		24,368,916	29,244,903
Non-current assets			
Equipment	4	83,105	31,967
Right-of-use assets	5	167,929	276,579
Mineral property interests	6	382,680	351,453
Total non-current assets		633,714	659,999
Total Assets		25,002,630	29,904,902
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	268,556	358,899
Current portion of lease liabilities		110,322	98,039
Total current liabilities		378,878	456,938
Lease liabilities		71,999	182,321
Total liabilities		450,877	639,259
EQUITY			
Share capital	9	38,292,860	38,820,382
Reserves	9	28,514,669	26,896,681
Deficit		(42,255,776)	(36,451,420)
Total equity		24,551,753	29,265,643
Total Equity and Liabilities		25,002,630	29,904,902

SUBSEQUENT EVENTS (Note 17)

These consolidated financial statements are authorized for issue by the Board of Directors on April 15, 2021. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"*David Terry*" , Director

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

Golden Arrow Resources Corporation
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2020 $	2019 $
Expenses			
Administration and management services	10	460,000	517,395
Corporate development and investor relations		877,783	920,194
Depreciation		111,275	30,630
Exploration	6	1,919,529	1,756,625
Office and sundry	10	296,078	279,611
Professional fees		318,313	1,214,528
Rent, parking and storage		38,925	118,779
Salaries and employee benefits	10	873,056	2,332,268
Transfer agent and regulatory fees		35,827	67,548
Travel and accommodation		36,861	93,646
Loss from operating activities		(4,967,647)	(7,331,224)
Foreign exchange (loss) gain		(397,946)	296,707
Interest expense		(27,519)	(23,952)
Impairment of exploration and evaluation assets	6	(418,774)	(667,014)
Interest income		7,530	9,251
Interest expense – SSRM Credit Facility	8	-	(1,568,534)
After tax net loss from POI	3	-	(3,024,031)
Loss on disposition of investment in POI	3	-	(6,547,438)
Realized loss on translation reclassified to profit or loss	3	-	(982,949)
Loss for the year		(5,804,356)	(19,839,184)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Change in fair value of marketable securities	7,15a	1,617,988	6,944,998
Items that may be reclassified to profit or loss			
Realized loss on translation reclassified to profit or loss	3	-	982,949
Unrealized loss on translation to reporting currency	3	-	(2,061,909)
Other comprehensive income for the year		1,617,988	5,866,038
Comprehensive loss for the year		(4,186,368)	(13,973,146)
Basic and diluted loss per common share ($)	11	(0.05)	(0.17)

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

Golden Arrow Resources Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2020 $	2019 $
Cash flows from operating activities			
Loss for the year		(5,804,356)	(19,839,184)
Adjustments for:			
Depreciation		111,275	30,630
Depreciation of property and equipment included in exploration expenses		41,993	17,728
Impairment of exploration and evaluation assets	6	418,774	667,014
Interest expense		-	1,584,444
Foreign exchange gain		-	(299,501)
After tax net loss from POI	3	-	3,024,031
Loss on disposition of investment in POI	3	-	7,530,387
		(5,232,314)	(7,284,451)
Change in non-cash working capital items:			
Increase in amounts receivable		(163,167)	(114,096)
Decrease in prepaid expenses		35,527	53,469
(Decrease) increase in accounts payable and accrued liabilities		(90,344)	58,482
Net cash used in operating activities		(5,450,298)	(7,286,596)
Cash flows from investing activities			
Expenditures on mineral property interests		(450,001)	(348,789)
Expenditures on equipment		(95,755)	(14,057)
Proceeds of marketable securities, net of transactions costs	7	10,479,208	4,197,222
Cash received from disposition of investment in POI	3	-	3,000,000
Investments in POI	3	-	(4,950,999)
Net cash generated by investing activities		9,933,452	1,883,377
Cash flows from financing activities			
Issuance of shares and warrants, net of share issue costs	9	-	5,595,113
Repurchases of shares, net of share repurchase costs	9	(527,522)	-
Lease payments		(98,040)	(23,237)
Credit Facility proceeds received		-	2,611,788
Loan proceeds received		-	1,429,000
Loan repayment		-	(1,879,000)
Interest paid		-	(17,537)
Net cash (used in) generated by financing activities		(625,562)	7,716,127
Net increase in cash and cash equivalents		3,857,592	2,312,908
Cash and cash equivalents at beginning of year		2,750,129	437,221
Cash and cash equivalents at end of year		6,607,721	2,750,129

SUPPLEMENTARY CASH FLOW INFORMATION (Note 13)

Golden Arrow Resources Corporation
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves							
	Number of shares	Amount $	Contributed surplus $	Equity settled share-based payments $	Warrants $	Accumulated other comprehensive income $	Cumulative translation adjustment $	Subscriptions payable $	Deficit $	Total $
Balance at December 31, 2018	101,974,517	34,847,881	14,709,865	2,692,660	1,327,342	34,919	1,078,960	250,000	(16,612,236)	38,329,391
Private placement	21,816,512	4,780,356	-	-	1,163,347	-	-	(250,000)	-	5,693,703
Share issue costs	-	(98,591)	-	-	-	-	-	-	-	(98,591)
Agent warrants granted	-	(23,550)	-	-	23,550	-	-	-	-	-
Stock options expired	-	-	149,795	(149,795)	-	-	-	-	-	-
Warrants expired	-	-	1,327,342	-	(1,327,342)	-	-	-	-	-
Returned to treasury for cancellation (Note 3)	(4,285,714)	(685,714)	-	-	-	-	-	-	-	(685,714)
Total comprehensive income (loss) for the year	-	-	-	-	-	6,944,998	(1,078,960)	-	(19,839,184)	(13,973,146)
Balance at December 31, 2019	119,505,315	38,820,382	16,187,002	2,542,865	1,186,897	6,979,917	-	-	(36,451,420)	29,265,643
Repurchases of common shares	(3,147,076)	(521,546)	-	-	-	-	-	-	-	(521,546)
Share repurchase costs	-	(5,976)	-	-	-	-	-	-	-	(5,976)
Stock options cancelled/expired	-	-	293,190	(293,190)	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	1,617,988	-	-	(5,804,356)	(4,186,368)
Balance at December 31, 2020	116,358,239	38,292,860	16,480,192	2,249,675	1,186,897	8,597,905	-	-	(42,255,776)	24,551,753

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

1. NATURE OF OPERATIONS

Golden Arrow Resources Corporation (the "Company" or "We") was incorporated on September 22, 2015, under the Business Corporations Act in the province of British Columbia. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in South America. The Company's mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of amounts shown for mineral property interests are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. Impacts of the COVID-19 outbreak on the Company include, but are not limited the fair value of its investment in SSR Mining Inc. ("SSRM") (see Note 7), the Company's ability to raise financing in current capital markets and ability to continue exploration of mineral properties as intended. However, the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods remains uncertain.

These consolidated financial statements were approved by the Board of Directors of the Company on April 15, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) **Statement of compliance**

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS").

b) **Basis of presentation**

These consolidated financial statements have been prepared on a historical cost basis except for marketable securities, which are carried at fair value.

c) **Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

	Place of Incorporation	Principal Activity
IMPSA Resources Corporation	BC, Canada	Holding company
New Golden Explorations Inc.	BC, Canada	Holding company
New Golden Explorations Atlantida Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Chile SpA	Chile	Exploration company
New Golden Explorations Chile SpA	Chile	Exploration company
Lucca S.A.	Paraguay	Exploration company
Desarrollo de Recursos S.A.	Argentina	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

(i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(ii) **Investments in joint ventures**

Investments in joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss of the equity accounted for investees until the date on which significant influence or joint control ceases. At each period end, the carrying amount of equity-accounted investments is assessed for impairment. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less cost of disposal and value in use.

Foreign currencies

The presentation and functional currency of the Company and each of its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The functional currency of POI was considered to be the United States dollar. At the end of each reporting period, the Company translated POI's operating results using the average exchange rate for the period.

Property and Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over the estimated useful lives of two years for geological equipment and computer software and five years for vehicles. The right-of-use asset is depreciated over the lease period. Depreciation of an asset begins once it is available for use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

The Company recognizes in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Impairment

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use.

Fair value is determined as the amount that would be obtained by the sale of the asset in any arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated cash flows expected to arise from the continued use of the asset, including expansion projects. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

Financial instruments

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and accounts receivable are classified as measured at amortized cost. The Company has made an irrevocable election to classify marketable securities (equity investment) at fair value through other comprehensive income ("FVOCI").

Financial liabilities, including accounts payable and accrued liabilities and loans payable, are classified and measured at amortized cost.

Valuation of equity units issued in private placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing quoted bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model. In the event of modification in warrants issued as private placement units, no re-measurement adjustment is recognized within equity.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Earnings and Loss per Share

The Company presents basic and diluted earnings and loss per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share does not adjust the earnings or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at year end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Significant Accounting Estimates and Judgments

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities within the next year, in the event that actual results differ from assumptions made, relate to the following:

- The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

The areas involving critical accounting judgments are:

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. INVESTMENT IN PUNA OPERATIONS JOINT VENTURE

On September 18, 2019, the Company sold its 25% interest in Puna Operations Inc. ("POI") to SSRM (the "Transaction"). As consideration for the sale of its 25% interest in POI, the Company received: (i) cash consideration of $3 million; (ii) 1,245,580 common shares of SSRM representing a value of C$23,379,536; (iii) settlement of $15,086,218, the outstanding principal and accrued interest owing under the US$10 million non-revolving term loan made by SSRM to the Company pursuant to the credit agreement entered into in July 2018 with SSRM; and (iv) the return of 4,285,714 common shares in the capital of the Company held by SSRM representing a value of $685,714. These common shares were returned to the treasury by the Company for cancellation. In aggregate, the Company received a total consideration of $42,151,468.

The following table summarizes the change in investment in POI for the period ended September 18, 2019 and the year ended December 31, 2018:

Balance, December 31, 2018	$	48,833,847
Equity contributions to POI		4,950,999
Company's share of comprehensive loss of POI, net of tax		(3,024,031)
Translation adjustment		(2,061,909)
Subtotal	$	48,698,906
Total Consideration received		(42,151,468)
Loss on disposition of investment in POI		(6,547,438)
Balance, September 18, 2019	$	-

4. EQUIPMENT

	Vehicles $	Other $	Total $
Cost			
Balance at December 31, 2018	-	129,907	129,907
Additions		14,056	14,056
Balance at December 31, 2019	-	143,963	143,963
Additions	88,153	7,602	95,755
Balance at December 31, 2020	88,153	151,565	239,718
Accumulated Depreciation			
Balance at December 31, 2018	-	90,657	90,657
Depreciation	-	21,339	21,339
Balance at December 31, 2019	-	111,996	111,996
Depreciation	15,386	29,231	44,617
Balance at December 31, 2020	15,386	141,227	156,613
Carrying Amount			
At December 31, 2019	-	31,967	31,967
At December 31, 2020	72,767	10,338	83,105

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. RIGHT-OF-USE ASSETS

During the year ended December 31, 2019, the Company capitalized two office lease arrangements in accordance with IFRS 16. The continuity schedule of right-of-use assets for year ended December 31, 2020 is as follows:

	Total $
Cost	
Balance at December 31, 2018	-
Additions	303,597
Balance at December 31, 2019 and December 31, 2020	303,597
Accumulated Depreciation	
Balance at December 31, 2018	-
Depreciation	27,018
Balance at December 31, 2019	27,018
Depreciation	108,650
Balance at December 31, 2020	135,668
Carrying Amount	
At December 31, 2019	276,579
At December 31, 2020	167,929

6. MINERAL PROPERTY INTERESTS

The schedules below summarize the carrying costs of acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at December 31, 2020:

Acquisition Costs

	Argentina	**Chile**			**Paraguay**		
	Flecha de Oro $	**Indiana $**	**Rosales $**	**Atlantida $**	**Tierra Dorada $**	**Other $**	**Total $**
Balance – December 31, 2018	-	128,098	-	534,341	-	7,239	669,678
Additions							
Staking costs, land payments and acquisition costs	19,864	92,863	-	132,674	103,388	-	348,789
Impairment of exploration and evaluation assets	-	-	-	(667,014)	-	-	(667,014)
Balance – December 31, 2019	19,864	220,961	-	1	103,388	7,239	351,453
Additions							
Staking costs, land payments and acquisition costs	32,889	197,813	74,285	-	145,014	-	450,001
Impairment of exploration and evaluation assets	-	(418,774)	-	-	-	-	(418,774)
Balance – December 31, 2020	52,753	-	74,285	1	248,402	7,239	382,680

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina	Chile			Paraguay		
	Flecha de Oro $	Indiana $	Rosales $	Atlantida $	Tierra Dorada $	Other $	Total $
Cumulative exploration expenses December 31, 2019	215,177	385,581	-	550,625	31,014	10,026,379	11,208,776
Expenditures during the year							
Drilling	-	329,029	-	-	79,632	-	408,661
Geophysics	1,757	-	-	-	3,550	-	5,307
Metallurgy	-	-	-	-	368	-	368
Environmental	288	-	-	-	-	-	288
Office	117,480	30,400	(7,474)	-	65,217	6,516	212,139
Property maintenance payments	27,843	21,874	2,288	-	-	57,576	109,581
Salaries and contractors	575,156	82,434	33,479	-	43,069	-	734,138
Social and community	48,109	-	-	-	-	-	48,109
Supplies and equipment	73,859	1,439	2,400	-	25,468	3,993	107,159
Transportation	34,890	3,048	-	-	25,276	-	63,214
Value added taxes	57,407	78,632	37,226	-	53,016	4,284	230,565
	936,789	546,856	67,919	-	295,596	72,369	1,919,529
Cumulative exploration expenses December 31, 2020	1,151,966	932,437	67,919	550,625	326,610	10,098,748	13,128,305

The schedule below summarize all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at December 31, 2019:

	Argentina	Chile		Paraguay		
	Flecha de Oro $	Indiana $	Atlantida $	Tierra Dorada $	Other $	Total $
Cumulative exploration expenses December 31, 2018	-	47,837	36,528	-	9,367,786	9,452,151
Expenditures during the year						
Assays	20,658	-	-	-	6,014	26,672
Environmental reports	5,604	-	-	-	9,300	14,904
Office	3,114	127,694	108,461	5,919	200,139	445,327
Property maintenance payments	4,942	20,064	21,163	-	31,522	77,691
Salaries and contractors	94,250	173,970	354,159	20,162	312,040	954,582
Social and community	16,787	-	-	-	6,944	23,731
Supplies and equipment	13,293	6,988	17,238	1,479	28,170	67,168
Transportation	38,629	9,028	13,076	3,454	14,306	78,493
Value added taxes	17,900	-	-	-	50,158	68,058
	215,177	337,744	514,097	31,014	658,593	1,756,625
Cumulative exploration expenses December 31, 2019	215,177	385,581	550,625	31,014	10,026,379	11,208,776

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. MINERAL PROPERTY INTERESTS (continued)

(a) Flecha de Oro Project, Rio Negro, Argentina

The Company entered into an option agreement to acquire up to 100% of the Flecha de Oro Gold Project that includes Puzzle and Esperanza exploration properties. The terms of the option agreement include staged payments over seven years totaling US$2,090,000 for a 100% interest in both properties. The vendor retains 1% royalty, which can be reduced to 0.25% for an additional US$1,000,000.

Option Payment USD $	Year
10,000 (paid)	2019
15,000 (paid)	2020
15,000	2021
50,000	2022
100,000	2023
200,000	2024
400,000	2025
500,000	2026
800,000	2027
2,090,000	

The terms of the Maquinchao option agreement include staged payments over four years totaling US$630,000 for a 100% in the property. The vendor retains 1% net smelter royalty.

Option Payment USD $	Year
5,000 (paid)	2019
5,000 (paid)	2020
20,000	2021
50,000	2022
250,000	2023
300,000	2024
630,000	

(b) Indiana Project, Chile

The Company executed a definitive agreement with Mineria Activa SpA. ("MSA") to acquire up to 100% of the Indiana gold-copper project in Chile. Terms include cash payments of US$100,000 payment on signing, followed by US$15,070,000 in payments staged over 74 months.

Option Payment USD $	Year
100,000 (paid)	2018
70,000 (paid)	2019
150,000 (paid)	2020
150,000	2020
200,000	2021
3,000,000	2022
5,000,000	2023
6,500,000	2024
15,170,000	

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. MINERAL PROPERTY INTERESTS (continued)

During the year ended December 31, 2020, the Company determined that it would not be exploring the Indiana project further based on the exploration work during the year and would discontinue option payments. The Company recorded an impairment of $418,774 related to previously capitalized acquisition costs.

(c) Rosales Copper Project, Chile

The Company owns a 100% interest in the Rosales Copper Project in Region III, Chile.

(d) Tierra Dorada Project, Paraguay

The Company entered into an option agreement to acquire a 100% interest in the Tierra Dorada gold project in Paraguay (the "Property"). The terms of the option agreement include staged payments over six years totaling US$2,000,000 and an additional payment of US$2,000,000 thirty (30) working days following the date of commencement of commercial production on the Property, for a 100% interest in the Property.

Option Payment USD $	Year
36,000 (paid)	2018
75,000 (paid)	2020
300,000 [1]	2021
300,000	2022
400,000	2023
889,000	2024
2,000,000	Thirty working days following the date of commencement of commercial production
4,000,000	

(1) Refer to Note 17 for further information

7. INVESTMENTS

An analysis of investments including related gains and losses during the year is as follows:

	Year ended December 31,	
	2020 $	2019 $
Investments, beginning of year	26,129,044	1,732
Disposition of marketable securities	(10,479,208)	(4,197,222)
Change in fair value of marketable securities	1,617,988	6,944,998
Marketable securities received on disposition of investment in POI	-	23,379,536
Investments, end of year	17,267,825	26,129,044

The Company held 675,580 common shares of SSRM at December 31, 2020 (December 31, 2019 – 1,045,580). The Company realized a cumulative gain of $3,534,308 in other comprehensive income (loss) on disposal of marketable securities for the year ended December 31, 2020 (December 31, 2019 - $429,748).

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. CREDIT FACILITY

On July 6, 2018, the Company entered into a credit agreement with SSRM for a non-revolving term loan in an aggregate principal amount equal to US$10,000,000. The loan was to mature on July 22, 2020, the date which is 24 months from the first delivery of ore from the Chinchillas property to the Pirquitas mill.

The proceeds borrowed under the credit facility were required to be used by the Company to fund its contributions under the shareholders' agreement the Company entered into with SSRM on May 31, 2017, as the sole shareholders of POI. The loan was secured by the Company's ownership and equity interests in POI.

On September 18, 2019, pursuant to the Transaction, the Company settled all outstanding principal and accrued interest of $15,086,219 owed to SSRM. At September 18, 2019, the Company had drawn USD $10,000,000 (CAD $13,271,000) of the credit facility, and accrued USD $1,368,509 (CAD $1,815,219) interest. Interest was calculated using the US base rate of 5.75%, established by Canadian banks for US dollar loans made by the banks in Canada, plus 10%.

		December 31, 2019		
Balance – January 1, 2019	CAD	$ 11,205,397	USD	$8,213,896
Drawdowns		2,611,788		1,966,931
Foreign exchange gain		(299,501)		-
Interest accrued till September 18, 2019		1,568,534		1,187,682
Principal and interest settled on September 18, 2019		(15,086,218)		(11,368,509)
Balance – December 31, 2019	CAD	$ -	USD	$ -

9. CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2020, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2020

There were no share issuances during the year ended December 31, 2020.

Details of Common Shares Repurchases in 2020

On March 12, 2020, the TSX Venture Exchange accepted a notice of intention whereby the Company made a Normal Course Issuer Bid ("NCIB") to purchase its own common shares for cancellation through the facilities of the Exchange or other recognized marketplaces at the prevailing market price. The Company can repurchase up to 10,658,050 common shares of the 119,505,315 issued and outstanding common shares available at the date the NCIB commenced.

During the year ended December 31, 2020, the Company acquired and cancelled 3,147,076 of its own common shares for an aggregate purchase price of $521,546 and common share repurchase costs of $5,976.

9. CAPITAL AND RESERVES (continued)

Details of Issues of Common Shares in 2019

On June 20, 2019, the Company closed a non-brokered private placement financing through two tranches and issued a total of 6,012,500 units at a price of $0.20 per unit for gross proceeds of $1,202,500. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for three years from the date of issue. Finders' fees were paid of $38,500 cash and 192,500 non-transferable warrants exercisable into common shares at $0.30 for three years from the date of issue with a fair value of $7,645. Fair value was calculated using the Black-Scholes pricing model and the following variables for tranche 1: risk-free interest rate – 1.45%, expected stock price volatility – 69.58%, dividend yield – 0%, and expected warrant life – 1.427 years; the following variables for tranche 2: risk-free interest rate – 1.45%, expected stock price volatility – 69.78%, dividend yield – 0%, and expected warrant life – 1.429 years.

On March 21, 2019, the Company closed a non-brokered private placement financing through three tranches and issued a total of 15,804,012 units at a price of $0.30 per unit for gross proceeds of $4,741,204. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.40 per share for two years from the date of issue. Included in the first tranche were $250,000 of subscription proceeds that were received prior to December 31, 2018. Finders' fees were paid of $60,091 cash and 196,302 non-transferable warrants exercisable into common shares at $0.40 for two years from the date of issue with a fair value of $15,905. Fair value was calculated using the Black-Scholes pricing model and the following variables for tranche 1: risk-free interest rate – 1.78%, expected stock price volatility – 70.01%, dividend yield – 0%, and expected warrant life – 1.417 years; the following variables for tranche 2: risk-free interest rate – 1.74%, expected stock price volatility – 70.4%, dividend yield – 0%, and expected warrant life – 1.411 years; and the following variables for tranche 3: risk-free interest rate – 1.61%, expected stock price volatility – 70.29%, dividend yield – 0%, and expected warrant life – 1.394 years.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on a fixed number of eligible shares equaling 20% of the Company's outstanding common shares calculated at June 25, 2013, totaling a maximum of 8,364,371 share purchase options. On January 9, 2018, the Stock Option Plan was amended allowing for a maximum total share purchase options of 9,740,920.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Cancelled/ Expired	December 31, 2020	Options exercisable
June 11, 2020	$0.35	1,270,000	(1,270,000)	-	-
April 19, 2021	$0.32	1,005,000	-	1,005,000	1,005,000
April 27, 2021	$0.42	395,000	-	395,000	395,000
May 29, 2021	$0.62	15,000	-	15,000	15,000
June 22, 2022	$0.62	3,390,000	(140,000)	3,250,000	3,250,000
January 9, 2023	$0.70	1,970,000	(70,000)	1,900,000	1,900,000
		8,045,000	(1,480,000)	6,565,000	6,565,000
Weighted average exercise price $		0.55	0.39	0.59	0.59
Weighted average contractual remaining life (years)		2.09	-	1.38	1.38

Refer to Note 17 for further information. The continuity of share purchase options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2019	Cancelled/ Expired	December 31, 2020	Options exercisable
March 25, 2019	$0.35	725,000	(725,000)	-	-
April 16, 2019	$0.35	55,000	(55,000)	-	-
June 11, 2020	$0.35	1,270,000	-	1,270,000	1,270,000
April 19, 2021	$0.32	1,005,000	-	1,005,000	1,005,000
April 27, 2021	$0.42	395,000	-	395,000	395,000
May 29, 2021	$0.62	15,000	-	15,000	15,000
June 22, 2022	$0.62	3,490,000	(100,000)	3,390,000	3,390,000
January 9, 2023	$0.70	2,045,000	(75,000)	1,970,000	1,970,000
		9,000,000	(955,000)	8,045,000	8,045,000
Weighted average exercise price $		0.53	0.41	0.55	0.55
Weighted average contractual remaining life (years)		2.85	-	2.09	2.09

Warrants

The continuity of warrants for the year ended December 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019 and 2020
February 25, 2021[(1)]	$0.40	11,208,242
March 5, 2021[(1)]	$0.40	1,307,869
March 21, 2021[(1)]	$0.40	3,484,203
June 19, 2022	$0.30	4,213,000
June 20, 2022	$0.30	1,992,000
		22,205,314
Weighted average exercise price $		0.37

(1) Refer to Note 17 for further information.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. CAPITAL AND RESERVES (continued)

The continuity of warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Issued	Expired	December 31, 2019
January 28, 2019	$1.00	4,509,996	-	(4,509,996)	-
February 25, 2021	$0.40	-	11,208,242	-	11,208,242
March 5, 2021	$0.40	-	1,307,869	-	1,307,869
March 21, 2021	$0.40	-	3,484,203	-	3,484,203
June 19, 2022	$0.30	-	4,213,000	-	4,213,000
June 20, 2022	$0.30	-	1,992,000	-	1,992,000
		4,509,996	22,205,314	(4,509,996)	22,205,314
Weighted average exercise price $		1.00	0.37	1.00	0.37

10. RELATED PARTY BALANCES AND TRANSACTIONS

On June 1, 2017, the Company entered into a Management Services Agreement with Grosso Group to provide services and facilities to the Company. Grosso Group is a private company that is owned by an officer and director of the Company and also has another director in common with the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is $41,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The Management Services Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000. The agreement expires on December 31, 2021 and is automatically renewed for additional terms of two years unless otherwise terminated pursuant to the terms of the agreement. The Company's commitment under this agreement is as follows:

	Year 1 $	Year 2 $	Year 3 $
Management Services Agreement	492,000	-	-

Transactions	Year ended December 30, 2020 $	 2019 $
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	372,000	429,200
Office & sundry	140,100	135,205
Total for services rendered	512,100	564,405

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO, Vice President of Corporate Development and Corporate Secretary.

		Year ended December 31,	
Transactions	**Position**	**2020 $**	**2019 $**
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	275,000	829,650
Darren Urquhart	CFO	60,000	110,000
Nikolaos Cacos	Director/VP – Corp. Development	120,000	360,000
Brian McEwen	VP Exploration	190,000	340,000
Connie Norman	Corporate Secretary	72,000	112,000
Louis Salley	Director	12,000	12,000
David Terry	Director	88,000	88,195
John Gammon	Director	22,000	16,000
Alfred Hills	Director	22,000	39,550
Total for services rendered		861,000	1,907,395

As at December 31, 2020, there was $321,217 (2019 – $108,119) of costs owed from related corporations for shared services paid by the Company. At December 31, 2020, there was $5,927 (2019 - $15,847) in accounts payable and accrued liabilities that was due to related corporations.

11. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2020 and 2019 was based on the following:

	Year ended December 31,	
	2020	**2019**
Loss attributable to common shareholders ($)	(5,804,356)	(19,839,184)
Weighted average number of common shares outstanding	119,072,661	117,225,524

The Company incurred a loss attributable to common shareholders for the year ended December 31, 2020 and 2019, therefore the impact of dilutive securities is anti-dilutive.

(Expressed in Canadian Dollars Unless Otherwise Noted)

12. SEGMENTED INFORMATION

The Company's operations are limited to a single reportable segment, being mineral exploration and development. The Company's total non-current assets are segmented geographically as follows:

	December 31, 2020				
	Canada $	**Argentina** $	**Chile** $	**Paraguay** $	**Total** $
Equipment ($)	2,624	-	-	80,481	83,105
Mineral property interests ($)	-	59,992	74,286	248,402	382,680
	2,624	59,992	74,286	328,881	465,784

	December 31, 2019			
	Argentina $	**Chile** $	**Paraguay** $	**Total** $
Equipment ($)	29,429	-	2,538	31,967
Mineral property interests ($)	27,103	220,962	103,388	351,453
	56,532	220,962	105,925	383,420

13. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 30,	
	2020 $	**2019** $
Non-cash investing and financing activities:		
Share issue cost – issuance of warrants to agents	-	23,550
Return of Company's common shares to treasury for cancellation	-	685,714
Consideration received in shares of SSRM for sale of investment in POI	-	23,379,536
Credit Facility settled as consideration for sale of investment in POI	-	15,086,219

14. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss (income) and comprehensive loss (income) differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2020	**2019**
Statutory tax rate	27.00%	27.00%
	$	$
Income (loss) before income taxes	(5,804,356)	(19,839,184)
Income tax expense (recovery) at Canadian statutory rates	(1,567,176)	(5,356,580)
Non-deductible differences and others	(12,915)	(33,523)
Difference between Canadian and foreign tax rates	108,372	1,436,721
Unrecognized deferred tax assets	1,471,719	2,528,536
Losses on POI investment	-	1,424,846
Income tax recovery	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

14. INCOME TAXES (continued)

Deferred incomes taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities are as follows:

	2020 $	2019 $
Deferred income tax assets		
Share issue costs	31,767	47,830
Non-capital tax loss carry forwards	4,325,060	3,993,793
Resource deductions	501,742	490,849
Capital assets	708,828	672,859
Marketable securities	-	307,060
	5,567,396	5,512,391
Deferred income tax liabilities		
Marketable securities	(799,580)	(887,973)
Unrecognized deferred income tax assets	(4,767,816)	(4,634,418)
	-	-

The Company has Canadian non-capital loss carryforwards of $13,415,082 that may be available for tax purposes. The Company's non-capital losses expire in 2037 to 2040.

At December 31, 2020, the Company had a net operating loss carryforward for Chile income tax purposes of approximately $1,490,554.

15. FINANCIAL INSTRUMENTS

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(Expressed in Canadian Dollars Unless Otherwise Noted)

15. FINANCIAL INSTRUMENTS (continued)

The Company's financial assets consist of cash and cash equivalents, amounts receivable and investments. Investments are carried at fair value and measured using Level 1 inputs. Fair value is determined using closing prices at the balance sheet date with any gains or losses recognized in other comprehensive income. The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, and amounts receivable.

Overall the credit risk of the financial assets held by the Company has not changed significantly from the prior period. The Company places its cash and cash equivalents and short-term investments with financial institutions with high credit ratings. Accordingly, the credit risk is minimal.

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 has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

As of December 31, 2020, the Company had working capital of $23,990,038 (December 31, 2019 - 28,787,965). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The Company believes it has adequate working capital to maintain operations for the next 12 months.

	1 Year **$**	**2 Years and more** **$**
Accounts payable and accrued liabilities	268,556	-

Market risk

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market prices. Investments in marketable securities measured at fair value are exposed to changes in share prices that would result in gains or losses recognized in the Company's other comprehensive income. A 10% change in prices would change the Company's other comprehensive loss by $1,726,782. Volatility in securities market prices have increased as a result of the COVID-19 outbreak. Refer to Note 1 for further information.

15. FINANCIAL INSTRUMENTS (continued)

(ii) ***Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include cash accounts, amounts receivable and accounts payable in: US dollars, Argentine Pesos, Chilean Pesos and Paraguayan Guarani. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, Argentine Peso, Chilean Peso and Paraguayan Guarani at December 31, 2020 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $616,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $7,000.
- A 10% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $3,000.
- A 10% change in the Paraguayan Guarani exchange rate relative to the Canadian dollar would change the Company's net loss by $14,000.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest and short-term investments are redeemable at any time without penalty, with interest paid from the date of purchase. The fair value of cash and short-term investments approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Effect of change in interest rate is not material.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing our capital structure, we include in our assessment the components of shareholders' equity and loans. In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company is dependent upon the ability to raise additional funding to meet its obligations and commitments.

17. SUBSEQUENT EVENTS

Option payment Tierra Dorada Project

- The Company paid USD$100,000 of the option payment due in 2021 for the Tierra Dorada option agreement.

17. SUBSEQUENT EVENTS (continued)

Stock Option Grant

- On January 19, 2021, the Company granted 4,655,000 stock options at an exercise price of $0.25, with an expiry date of January 19, 2026.

Warrants Extension

- The Company extended 11,051,611 warrants that were set to expire on February 25, 2021, 1,290,367 warrants that were set to expire on March 5, 2021 and 3,462,034 warrants that were set to expire on March 21, 2021 to February 25, 2023, March 5, 2023 and March 21, 2023 respectively. These warrants were originally issued as part of the units under a single private placement completed by the Company in 3 tranches on February 25, 2019, March 5, 2019 and March 21, 2019 respectively. The exercise price of the warrants remains at $0.40.

Warrants Expired

- 196,302 finders' warrants with an exercise price of $0.40 per warrant expired.

Caballos Copper-Gold Project

- The Company entered into a definitive agreement to option its Caballos copper-gold project to Hanaq Argentina S.A. ("Hanaq"). The agreement gives Hanaq the opportunity to earn a 70% interest in the Project by spending a minimum of US$0.5 million in exploration expenditures within two years, followed by US$3.5 million in exploration expenditures within six years of the Agreement date. On completion of the option earn-in, a joint venture company comprised of 70% Hanaq and 30% Desarrollo de Recursos S.A. will advance the Project on a pro rata basis, with provisions for dilution.