Golden Arrow Resources Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

(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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral property interests *Refer to note 2 – Significant accounting policies and note 5 – Mineral property interests to the consolidated financial statements.* The carrying value of the mineral property interests amounted to $4.2 million as at December 31, 2022. At each reporting period end, management applies significant judgment in assessing whether there are any indicators of impairment relating to the mineral property interests. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral property interests in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral property interests in the specific area have not led to the discovery of commercially viable quantities of mineral resources; and (iv) sufficient data exist to indicate that the carrying amount of the mineral property interests is unlikely to be recovered in full from successful development or by sale. 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, if any. During the year ended December 31, 2022, management concluded that exploration for and evaluation of the Flecha de Oro (Argentina), Tierra Dorada (Paraguay) and Rosales (Chile) mineral property interests had not led to the discovery of commercially viable quantities of mineral resources and therefore decided to discontinue such activities in the specific areas. The Company discontinued option payments and wrote off the previously capitalized acquisition costs, which amounted to $0.6 million. We considered this a key audit matter due to (i) the significance of the mineral property interests	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to mineral property interests, which included the following: – Obtained, for a sample of mineral and exploration property rights, evidence to support the right to explore the area. – Read the board of directors' minutes and obtained budget approvals to evidence substantive expenditures on further exploration for and evaluation of mineral property interests in the specific area and considered which mineral and exploration property rights are not expected to be renewed. – Assessed whether the exploration for and evaluation of mineral property interests in the specific area have not led to the discovery of commercially viable quantities of mineral resources, or whether sufficient data exist to indicate that the carrying value of mineral property interests is unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit. – Agreed the amount written off related to the Flecha de Oro,Tierra Dorada and Rosales properties against the historic capitalized acquisition costs.

Key audit matter	How our audit addressed the key audit matter
balance and (ii) the significant judgment made by management in its assessment of indicators of impairment related to the mineral property interests, which have resulted in a high degree of subjectivity in performing audit procedures related to the significant judgment applied by management.	

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kevin Bromley.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 11, 2023

Golden Arrow Resources Corporation
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		606,710	903,568
Investments	6	5,623,720	15,126,236
Amounts receivable	8	376,874	73,161
Prepaid expenses		166,982	96,158
Total current assets		6,774,286	16,199,123
Non-current assets			
Equipment	3	4,079	66,435
Right-of-use assets	4	414,936	334,157
Mineral property interests	5	4,245,325	637,968
Total non-current assets		4,664,340	1,038,560
Total Assets		11,438,626	17,237,683
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	584,782	387,255
Current portion of lease liabilities		106,401	109,870
Total current liabilities		691,183	497,125
Lease liabilities		321,058	237,008
Total liabilities		1,012,241	734,133
EQUITY			
Share capital	7	38,088,211	38,088,211
Reserves	7	26,691,634	26,722,172
Deficit		(54,353,460)	(48,306,833)
Total equity		10,426,385	16,503,550
Total Equity and Liabilities		11,438,626	17,237,683

SUBSEQUENT EVENTS (Note 14)

These consolidated financial statements are authorized for issue by the Board of Directors on April 11, 2023. 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, 2022 $	2021 $
Expenses			
Administration and management services	8	425,200	460,000
Corporate development and investor relations		561,539	758,075
Depreciation		109,673	111,275
Exploration	5	3,498,994	3,634,655
Office and sundry	8	246,777	273,387
Professional fees		308,277	287,585
Rent, parking and storage		40,895	26,584
Salaries and employee benefits	8	860,919	866,239
Share-based compensation		-	349,092
Transfer agent and regulatory fees		43,741	34,287
Travel and accommodation		34,594	-
Loss from operating activities		(6,130,609)	(6,801,179)
Foreign exchange gain		513,414	590,754
Option income		150,000	-
Dividend income	6	113,866	167,328
Interest income		5,165	9,076
Interest expense		(33,887)	(17,036)
Loss on sale of equipment		(27,394)	-
Impairment of exploration and evaluation assets	5	(637,182)	-
Loss for the year		(6,046,627)	(6,051,057)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Change in fair value of marketable securities	6,12a	(30,538)	(2,141,589)
Other comprehensive loss for the year		(30,538)	(2,141,589)
Comprehensive loss for the year		(6,077,165)	(8,192,646)
Basic and diluted loss per common share ($)	9	(0.05)	(0.05)

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)

		Year ended December 31,	
		2022	**2021**
	Note	**$**	**$**
Cash flows from operating activities			
Loss for the year		(6,046,627)	(6,051,057)
Adjustments for:			
Depreciation		109,673	111,275
Depreciation of property and equipment included in exploration expenses		11,875	15,418
Interest expense		33,887	17,036
Loss on sale of equipment		27,394	-
Dividend income		(113,866)	(167,328)
Impairment of exploration and evaluation assets	5	637,182	-
Share-based compensation		-	349,092
		(5,340,482)	(5,725,564)
Change in non-cash working capital items:			
(Increase) decrease in amounts receivable		(303,713)	285,356
(Increase) decrease in prepaid expenses		(70,824)	38,695
Increase in accounts payable and accrued liabilities		197,527	118,699
Net cash used in operating activities		(5,517,492)	(5,282,814)
Cash flows from investing activities			
Expenditures on mineral property interests		(4,244,539)	(255,288)
Expenditures on equipment		-	(1,372)
Net proceeds from sale of equipment		23,087	-
Dividend income		113,866	167,328
Proceeds of marketable securities	6	9,471,978	-
Net cash received from (used in) investing activities		5,364,392	(89,332)
Cash flows from financing activities			
Repurchases of shares, net of share repurchases costs	7	-	(204,649)
Lease payments		(143,758)	(127,358)
Net cash used in financing activities		(143,758)	(332,007)
Net decrease in cash and cash equivalents		(296,858)	(5,704,153)
Cash and cash equivalents at beginning of year		903,568	6,607,721
Cash and cash equivalents at end of year		606,710	903,568

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 $	Deficit $	Total $
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
Repurchases of common shares	(1,191,000)	(202,470)	-	-	-	-	-	(202,470)
Share repurchase costs	-	(2,179)	-	-	-	-	-	(2,179)
Share-based compensation	-	-	-	349,092	-	-	-	349,092
Stock options expired	-	-	333,602	(333,602)	-	-	-	-
Agents' warrants expired	-	-	15,905	-	(15,905)	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(2,141,589)	(6,051,057)	(8,192,646)
Balance at December 31, 2021	115,167,239	38,088,211	16,829,699	2,265,165	1,170,992	6,456,316	(48,306,833)	16,503,550
Stock options cancelled/expired	-	-	1,234,164	(1,234,164)	-	-	-	-
Warrants and agents' warrants expired	-	-	7,646	-	(7,646)	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(30,538)	(6,046,627)	(6,077,165)
Balance at December 31, 2022	115,167,239	38,088,211	18,071,509	1,031,001	1,163,346	6,425,778	(54,353,460)	10,426,385

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.

These consolidated financial statements were approved by the Board of Directors of the Company on April 11, 2023.

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 as 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.

	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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

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. At inception of a contract, the Company assesses whether the 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 for a period of time in exchange for consideration. A lease liability is recognized at the commencement date of a lease.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognized in profit or loss (a) interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and accounts receivable are classified as measured at amortized cost. The Company has made an irrevocable election to classify its equity investment in SSR Mining Inc. ("SSRM") at fair value through other comprehensive income ("FVOCI"). The Company may acquire and transfer marketable securities from time to time, to facilitate intragroup funding transfers between the Canadian parent and its Argentine subsidiaries. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimation uncertainty and Accounting policy judgments

The Company's management makes judgments in its process of applying the Company's accounting policies in preparations of these consolidated financial statements. In addition, these consolidated financial statements include estimates which, require management to make estimates of future uncertain events on the carrying amount of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. 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. 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. There are no material areas of estimation uncertainty as at December 31, 2022.

Accounting policy judgments:

- The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or are not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral property interests in the specific area is neither budgeted nor planned, (iii) exploration for and evaluation of mineral property interests in the specific area have not led to the discovery of commercially viable quantities of mineral resources; and (iv) sufficient data exists to indicate that the carrying amount of the mineral property interests is unlikely to be recovered in full from successful development or by sale. 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.

3. EQUIPMENT

	Vehicles $	Other $	Total $
Cost			
Balance at December 31, 2020	88,153	151,565	239,718
Additions	-	1,372	1,372
Balance at December 31, 2021	88,153	152,937	241,090
Dispositions	(88,153)	-	(88,153)
Balance at December 31, 2022	-	152,937	152,937
Accumulated Depreciation			
Balance at December 31, 2020	15,386	141,227	156,613
Depreciation	12,012	6,030	18,042
Balance at December 31, 2021	27,398	147,257	174,655
Depreciation	10,274	1,601	11,875
Dispositions	(37,672)	-	(37,672)
Balance at December 31, 2022	-	148,858	148,858
Carrying Amount			
At December 31, 2021	60,755	5,680	66,435
At December 31, 2022	-	4,079	4,079

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. RIGHT-OF-USE ASSETS

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, 2022 is as follows:

	Total $
Cost	
Balance at December 31, 2020	303,597
Additions	274,879
Balance at December 31, 2021	578,476
Additions	190,452
Balance at December 31, 2022	768,928
Accumulated Depreciation	
Balance at December 31, 2020	135,668
Depreciation	108,651
Balance at December 31, 2021	244,319
Depreciation	109,673
Balance at December 31, 2022	353,992
Carrying Amount	
At December 31, 2021	334,157
At December 31, 2022	414,936

The outstanding balances of lease liabilities are calculated using an implied rate of 12% p.a. The following is a schedule of the Company's future minimum lease payments related to the lease obligations:

		Total $
	2023	146,148
	2024-2027	374,232
Total minimum lease payments		520,380
Less: Imputed interest		(92,921)
Total present value of minimum lease payments		427,459
Less: Current portion		(106,401)
Non-current portion		321,058

5. 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, 2022:

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

Acquisition Costs

	Chile		Argentina	Paraguay		
	San Pietro $	Rosales $	Flecha de Oro $	Tierra Dorada $	Other $	Total $
Balance – December 31, 2020	-	74,285	52,753	248,402	7,240	382,680
Additions						
Staking costs, land payments and acquisition costs	-	-	60,263	195,025	-	255,288
Balance – December 31, 2021	-	74,285	113,016	443,427	7,240	637,968
Additions						
Staking costs, land payments and acquisition costs	4,238,085	-	-	6,454	-	4,244,539
Impairment of exploration and evaluation assets	-	(74,285)	(113,016)	(449,881)	-	(637,182)
Balance – December 31, 2022	4,238,085	-	-	-	7,240	4,245,325

Exploration Expenditures

	Chile		Argentina			Paraguay		
	San Pietro $	Rosales $	Flecha de Oro $	Libanesa $	Yanso $	Tierra Dorada $	Other $	Total $
Cumulative exploration expenses December 31, 2021	-	1,064,488	2,207,214	-	331,091	1,282,805	11,877,362	16,762,960
Expenditures during the year								
Assays	-	-	2,496	72,939	13,582	65,756	5,348	160,121
Drilling	-	-	-	266,979	-	27,954	-	294,933
Environmental	-	-	-	-	4,911	-	17,155	22,066
Office	26,113	7,670	8,443	28,148	106,569	136,539	32,436	345,918
Property maintenance payments	-	152,815	2,969	65,208	14,837	8,870	82,027	326,725
Salaries and contractors	196,749	3,591	32,839	174,684	401,199	169,563	123,042	1,101,665
Social and community	-	-	278	17,658	15,129	2,999	1,056	37,120
Supplies and equipment	-	-	2,550	206,636	155,964	11,168	96,369	472,688
Transportation	-	-	3,316	181,887	45,260	8,398	8,697	247,558
Value added taxes	124,816	91,889	6,206	118,947	88,834	16,579	42,927	490,199
	347,678	255,965	59,097	1,133,086	846,285	447,826	409,057	3,498,994
Cumulative exploration expenses December 31, 2022	347,678	1,320,453	2,266,311	1,133,086	1,177,376	1,730,631	12,286,419	20,261,954

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

The schedule below summarizes all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at December 31, 2021:

	Chile		Argentina		Paraguay		
	Rosales	Indiana	Flecha de Oro	Yanso	Tierra Dorada	Other	Total
	$	$	$	$	$	$	$
Cumulative exploration expenses December 31, 2020	67,919	932,437	1,151,966	2,065	326,610	10,647,308	13,128,305
Expenditures during the year							
Assays	15,076	-	65,295	10,972	144,074	17,701	253,118
Drilling	396,250	-	14,503	-	248,115	926	659,794
Geophysics	271,339	-	-	-	-	-	271,339
Environmental	-	-	14,291	6,615	-	9,262	30,168
Office	34,376	-	133,454	48,930	101,757	23,039	341,556
Property maintenance payments	6,648	123	9,456	20,327	-	32,965	69,519
Salaries and contractors	85,406	-	412,650	125,947	310,312	81,548	1,015,863
Social and community	-	-	7,363	9,325	5,692	21,952	44,332
Supplies and equipment	34,812	-	160,637	60878	34,338	-	290,665
Transportation	3,546	-	129,217	14,374	18,361	76,173	241,671
Value added taxes	149,116	5,222	108,382	31,658	93,546	28,706	416,630
	996,569	5,345	1,055,248	329,026	956,195	292,272	3,634,655
Cumulative exploration expenses December 31, 2021	1,064,488	937,782	2,207,214	331,091	1,282,805	10,939,580	16,762,960

(a) San Pietro, Atacama, Chile

On March 17, 2022, the Company purchased a 100% interest in the San Pietro Iron-oxide Copper Gold Project in Chile from Sumitomo Metal Mining Chile Ltda for cash consideration of $4,238,085 (US$3,350,000). The San Pietro Project includes 18,448 hectares of exploration and exploitation concessions in the Atacama region of Chile.

(b) Rosales Copper Project, Chile

The Company owns a 100% interest in the Rosales Copper Project in Region III, Chile. The Company determined that it would not be exploring the Rosales properties further based on the exploration work during the year, and recorded an impairment of $74,285 related to previously capitalized acquisition costs.

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

The Company held an option agreement to acquire up to 100% of the Flecha de Oro Gold Project that included Puzzle, Esperanza and Maquinchao exploration properties. During the year ended December 31, 2022, the Company determined that it would not be exploring the Puzzle, Esperanza, and Maquinchao properties further based on the exploration work during the year and would discontinue option payments. The Company recorded an impairment of $113,016 related to previously capitalized acquisition costs.

5. MINERAL PROPERTY INTERESTS (continued)

The terms of the Puzzle and Esperanza option agreement included staged payments over seven years totaling US$2,090,000 for a 100% interest in both properties with the vendor retaining a 1% net smelter royalty, which could be reduced to 0.25% for an additional US$1,000,000. The Company had paid US$40,000 of the US$2,090,000 commitment when it determined to terminate the option agreement.

The terms of the Maquinchao option agreement included staged payments over four years totaling US$630,000 for a 100% in the property with the vendor retaining a 1% net smelter royalty. The Company had paid US$30,000 of the US$630,000 commitment when it determined to terminate the option agreement.

(d) Libanesa, Santa Cruz, Argentina

During 2021, the Company entered into a definitive agreement to acquire 75% undivided interest in Libanesa silver-gold project in Santa Cruz province, Argentina from Mirasol Resources Ltd. ("Mirasol"). Terms of the option include cash payments totaling US$1,000,000, and exploration expenditure commitments of US$4,000,000 over six years. The Company terminated the option agreement based on the results of exploration programs during the year ended December 31, 2022.

(e) Mogote Project, Argentina

The Company optioned its Mogote Copper-Gold project (the “Project”) in San Juan Province, Argentina to Australian-based Syndicate Minerals Pty (“Syndicate”). The agreement gives Syndicate the option to earn an 85% interest in Mogote. An initial 80% interest can be earned by spending $5 million on exploration at the Project over five years and making cash payments of $1.9 million over five years, including a payment on signing of $150,000. After completion of the option earn-in, Syndicate can complete a feasibility study to earn a further 5% interest. After that, a joint venture company will be incorporated to advance the Project on a pro rata basis, with provisions for dilution.

(f) Caballos Project, Argentina

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.

(g) Tierra Dorada Project, Paraguay

The Company held an option agreement to acquire a 100% interest in the Tierra Dorada gold project in Paraguay. During the nine months ended September 30, 2022, the Company determined that it would not be exploring the property further based on the exploration work during 2022 and would discontinue option payments. The Company recorded an impairment of $449,881 for previously capitalized acquisition costs.

The terms of the option agreement included staged payments over six years totaling US$2,000,000 and an additional payment of US$2,000,000 thirty working days following the date of commencement of commercial production on the property, for a 100% interest. The Company had paid US$211,000 of the US$4,000,000 commitment when it determined to terminate the option agreement.

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. INVESTMENTS

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

	Year ended December 31,	
	2022 **$**	**2021** **$**
Investments, beginning of year	15,126,236	17,267,825
Disposition of marketable securities	(9,471,978)	-
Change in fair value of marketable securities	(30,538)	(2,141,589)
Investments, end of year	5,623,720	15,126,236

The Company held 265,395 common shares of SSRM at December 31, 2022 with a value of $21.19 per share (December 31, 2021 – 675,580 – $22.39 per share). The Company realized a cumulative gain of $1,698,432 in other comprehensive income (loss) on disposal of marketable securities for the year ended December 31, 2022 (December 31, 2021 – $Nil). During the year ended December 31, 2022, the Company received $113,866 (2021 - $167,328) in dividends from its investment in SSRM. Refer to Note 14 for further information.

7. CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2022, 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.

There were no share issuances during the years ended December 31, 2022 and 2021.

Details of Common Shares Repurchases in 2022

There were no share repurchases during the year ended December 31, 2022.

Details of Common Shares Repurchases in 2021

On August 27, 2021, 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 10,132,012 common shares of the 116,358,239 issued and outstanding common shares available at the date the NCIB commenced.

During the year ended December 31, 2021, the Company acquired and cancelled 1,191,000 of its own common shares for an aggregate purchase price of $202,470 and common share repurchase costs of $2,179.

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 April 22, 2021, the Stock Option Plan was amended allowing for a maximum total share purchase options of 11,500,000.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

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.

The continuity of share purchase options for the year ended December 31, 2022 is as follows:

Expiry date	Exercise Price	December 31, 2021	Granted	Cancelled/ Expired	December 31, 2022	Options exercisable
June 22, 2022	$0.62	3,250,000	-	(3,250,000)	-	-
January 9, 2023[1]	$0.70	1,900,000	-	(100,000)	1,800,000	1,800,000
January 19, 2026	$0.25	4,655,000	-	(200,000)	4,455,000	4,455,000
		9,805,000	-	(3,550,000)	6,255,000	6,255,000
Weighted average exercise price $		0.46	-	0.62	0.38	0.38
Weighted average contractual remaining life (years)		2.28	-	-	2.18	2.18

(1) Refer to Note 14 for further information.

The continuity of share purchase options for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Expired	December 31, 2021	Options exercisable
April 19, 2021	$0.32	1,005,000	-	(1,005,000)	-	-
April 27, 2021	$0.42	395,000	-	(395,000)	-	-
May 29, 2021	$0.62	15,000	-	(15,000)	-	-
June 22, 2022	$0.62	3,250,000	-	-	3,250,000	3,250,000
January 9, 2023	$0.70	1,900,000	-	-	1,900,000	1,900,000
January 19, 2026	$0.25	-	4,655,000	-	4,655,000	4,655,000
		6,565,000	4,655,000	(1,415,000)	9,805,000	9,805,000
Weighted average exercise price $		0.59	0.25	0.35	0.46	0.46
Weighted average contractual remaining life (years)		1.38	4.05	-	2.28	2.28

The weighted average fair value of share purchase options granted during the year ended December 31, 2022 is $Nil (2021 - $0.08).

Options were fair valued based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2022	2021
Risk-free interest rate	-	0.33%
Expected option life in years	-	3.52
Expected share price volatility[1]	-	71.33%
Grant date share price	-	$0.18
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise Price	December 31, 2021	Expired	December 31, 2022
February 25, 2023[1]	$0.40	11,051,611	-	11,051,611
March 5, 2023[1]	$0.40	1,290,367	-	1,290,367
March 21, 2023[1]	$0.40	3,462,034	-	3,462,034
June 19, 2024	$0.30	4,213,000	(150,500)	4,062,500
June 20, 2024	$0.30	1,992,000	(42,000)	1,950,000
		22,009,012	(192,500)	21,816,512
Weighted average exercise price $		0.37	0.30	0.37

(1) Refer to Note 14 for further information.

4,062,500 warrants that were set to expire on June 19, 2022 and 1,950,000 warrants that were set to expire on June 20, 2022 were extended to June 19, 2024, and June 20, 2024 respectively. These warrants were originally issued under a private placement completed by the Company in two tranches on June 19, 2019 and June 20, 2019. The exercise price of the warrants remain at $0.30.

The continuity of warrants for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Expired	December 31, 2021
June 19, 2022	$0.30	4,213,000	-	4,213,000
June 20, 2022	$0.30	1,992,000	-	1,992,000
February 25, 2023	$0.40	11,208,242	(156,631)	11,051,611
March 5, 2023	$0.40	1,307,869	(17,502)	1,290,367
March 21, 2023	$0.40	3,484,203	(22,169)	3,462,034
		22,205,314	(196,302)	22,009,012
Weighted average exercise price $		0.37	0.40	0.37

8. 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 $28,100 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, 2023 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:

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Year 1 **$**	**Year 2** **$**	**Year 3** **$**
Management Services Agreement	337,200	-	-

	Year ended December 31,	
Transactions	**2022** **$**	**2021** **$**
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	337,200	372,000
Office & sundry	56,400	105,000
Total for services rendered	393,600	477,000

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**	**2022** **$**	**2021** **$**
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	275,000	275,000
Darren Urquhart	CFO	60,000	60,000
Nikolaos Cacos	Director/VP – Corp. Development	124,680	120,000
Brian McEwen	VP Exploration	190,000	190,000
Connie Norman	Corporate Secretary	72,000	72,000
Louis Salley	Director	3,500	12,000
David Terry	Director	88,000	88,000
John Gammon	Director	16,000	16,000
Alfred Hills	Director	12,000	12,000
Total for services rendered		841,180	845,000

As at December 31, 2022, there was $365,511 (2021 – $47,803) of costs owed from related corporations for shared services paid by the Company. At December 31, 2022, there was $49,226 (2021 - $30,166) in accounts payable and accrued liabilities that was due to related corporations.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2022 and 2021 was based on the following:

	Year ended December 31,	
	2022	**2021**
Loss attributable to common shareholders ($)	(6,046,627)	(6,051,057)
Weighted average number of common shares outstanding	115,167,239	116,050,636

The Company incurred a loss attributable to common shareholders for the year ended December 31, 2022 and 2021, therefore the impact of dilutive securities is anti-dilutive.

10. 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, 2022				
	Canada $	**Argentina $**	**Chile $**	**Paraguay $**	**Total $**
Equipment ($)	-	-	-	4,079	4,079
Right-of-use assets	414,936	-	-	-	414,936
Mineral property interests ($)	-	7,240	4,238,085	-	4,245,325
	414,936	7,240	4,238,085	4,079	4,664,340

	December 31, 2021				
	Canada $	**Argentina $**	**Chile $**	**Paraguay $**	**Total $**
Equipment ($)	-	-	-	66,435	66,435
Right-of-use assets	334,157	-	-	-	334,157
Mineral property interests ($)	-	120,255	74,286	443,427	637,968
	334,157	120,255	74,286	509,862	1,038,560

11. INCOME TAXES

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

	2022	**2021**
Statutory tax rate	27.00%	27.00%
	$	**$**
Loss before income taxes	(6,046,627)	(6,051,058)
Income tax recovery at Canadian statutory rates	(1,632,589)	(1,633,786)
Non-deductible differences and others	(13,241)	(13,596)
Difference between Canadian and foreign tax rates	201,924	177,241
Unrecognized deferred tax assets	1,443,907	1,470,141
Income tax recovery	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. INCOME TAXES (continued)

Deferred income 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:

	2022 $	2021 $
Deferred income tax assets		
Share issue costs	4,259	18,013
Non-capital tax loss carry forwards	8,524,035	6,495,172
Resource deductions	429,955	372,402
Capital assets	1,800,032	945,158
	10,758,281	7,830,745
Deferred income tax liabilities		
Marketable securities	157,645	(510,738)
Unrecognized deferred income tax assets	10,600,637	(7,320,007)
	-	-

The Company has Canadian non-capital loss carryforwards of $21,922,974 that may be available for tax purposes. The Company's non-capital losses expire in 2037 to 2042.

12. 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).

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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

12. FINANCIAL INSTRUMENTS (continued)

(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, and sale of marketing securities to fund exploration programs and may require doing so again in the future.

As of December 31, 2022, the Company had working capital of $6,083,103 (December 31, 2021 - $15,701,998). 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	584,782	-

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 $562,372.

(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 to changes in the exchange rate between the Canadian dollar and the United States dollar, Argentine Peso, and Chilean Peso at December 31, 2022 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 $10,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $18,000.

12. FINANCIAL INSTRUMENTS (continued)

- A 10% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $13,000.

The Company may acquire and transfer marketable securities from time to time, to facilitate intragroup funding transfers between the Canadian parent and its Argentine subsidiaries. The Company does not acquire marketable securities and engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well-established companies with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over several days, some fluctuations are unavoidable. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss.

(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 approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Effect of the change in interest rate is not material.

13. 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.

14. SUBSEQUENT EVENTS

Warrants term extension

- 11,051,611 warrants that were set to expire on February 25, 2023, 1,290,367 warrants that were set to expire on March 5, 2023, and 3,462,034 warrants that were set to expire on March 21, 2023 were extended to February 25, 2024, March 5, 2024, and March 21, 2024 respectively. These warrants were originally issued under a private placement completed by the Company in three tranches on February 25, 2019, March 5, 2019, and March 21, 2019. The exercise prices of the warrants remain at $0.40.

Stock Option Expiry

- 1,800,000 stock options with an exercise price of $0.70 per stock option expired on January 9, 2023.

14. SUBSEQUENT EVENTS (continued)

Sale of marketable securities

- The Company sold 154,370 common shares of SSRM at an average price of US$15.57 per share for net proceeds of US$2,379,990.