Nobel Resources Corp.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor’s Report

To the Shareholders of Nobel Resources Corp.

Opinion

We have audited the consolidated financial statements of Nobel Resources Corp. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholder’s equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had limited working capital and a need for financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

McGovern Hurley

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 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 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 judgement 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 risks 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.

McGovern Hurley

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 of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2023

Nobel Resources Corp.

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at:	Note	**December 31, 2022 $**	December 31, 2021 $
ASSETS			
Current			
Cash		**841,075**	4,075,028
Amounts receivable	4	**299,744**	198,764
Prepaid expenses and advances		**11,157**	64,606
Total current assets		**1,151,976**	4,338,398
Long-term			
Right-of-use asset	6	**-**	3,583
Total assets		**1,151,976**	4,341,981
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	**817,598**	654,053
Lease liability	6	**-**	3,736
Total liabilities		**817,598**	657,789
SHAREHOLDERS' EQUITY			
Common shares	7	**14,311,946**	14,311,946
Warrant reserve	8	**1,953,968**	1,954,285
Option reserve	8	**3,544,145**	3,544,145
Deficit		**(19,475,681)**	(16,126,184)
Total shareholders' equity		**334,378**	3,684,192
Total liabilities and shareholders' equity		**1,151,976**	4,341,981

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 5 and 14)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on April 25, 2023:

Signed: *“Lawrence Guy”*, Director

Signed: *“David Gower”*, Director

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

Nobel Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

	Note	Year ended December 31, 2022 $	2021 $
Expenses			
Exploration and evaluation expenses	5	**2,134,652**	8,125,431
Consulting and management fees	11	**873,222**	1,497,851
Professional fees		**85,747**	318,504
Amortization	6	**3,583**	14,330
Shareholder communication and filing fees		**129,314**	137,451
Promotion		**134,872**	259,686
Travel expenses		**5,391**	2,981
Transaction costs	7(iii)	**-**	903,745
Office expenses		**62,440**	144,430
Share-based compensation	8,11	**-**	3,544,145
(Loss) for the year before other items		**(3,429,221)**	(14,948,554)
Other items			
Interest expense		**(44)**	(836)
Foreign exchange gain		**79,451**	105,956
Net (loss) for the year		**(3,349,814)**	(14,843,434)
Basic and diluted (loss) per share		**$ (0.04)**	$ (0.22)
Weighted average number of common shares outstanding			
Basic and Diluted		**77,132,117**	68,880,027

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

Nobel Resources Corp.
Consolidated Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars

	Number of shares	Common Shares	Warrant Reserve	Option Reserve	Deficit	Shareholders' equity
	#	$	$	$	$	$
Balance, December 31, 2020	**40,000,000**	**2,157,652**	**16,348**	**-**	**(1,282,750)**	**891,250**
Private placement (note 7i)	12,823,612	5,685,000	-	-	-	5,685,000
Share issue costs	-	(446,556)	-	-	-	(446,556)
Reverse takover transaction (Note 7iii)	2,025,705	810,316	-	-	-	810,316
Subscription receipts (note 7ii)	22,020,000	8,808,000	-	-	-	8,808,000
Share issue costs	-	(1,163,809)	373,000	-	-	(790,809)
Warrants issued (note 8)	-	(1,580,968)	1,580,968	-	-	-
Warrants exercised (note 8)	262,800	42,311	(16,031)	-	-	26,280
Option reserve (note 8)	-	-	-	3,544,145	-	3,544,145
Loss and comprehensive loss	-	-	-	-	(14,843,434)	(14,843,434)
Balance, December 31, 2021	**77,132,117**	**14,311,946**	**1,954,285**	**3,544,145**	**(16,126,184)**	**3,684,192**
Warrants expired unexercised (note 8)	-	-	(317)	-	317	-
Loss and comprehensive loss	-	-	-	-	(3,349,814)	(3,349,814)
Balance, December 31, 2022	**77,132,117**	**14,311,946**	**1,953,968**	**3,544,145**	**(19,475,681)**	**334,378**

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

Nobel Resources Corp.

Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

	Note	Year ended December 31, 2022 $	2021 $
Cash (used in)/provided by:			
Operating activities			
Net loss		**(3,349,814)**	(14,843,434)
Items not involving cash:			
Amortization	6	**3,583**	14,330
Interest payable	6	**44**	836
Share-based compensation	8	**-**	3,544,145
Transaction costs	7(iii)	**-**	810,316
Changes in non-cash working capital		**116,014**	202,119
Net cash flows (used in) operating activities		**(3,230,173)**	(10,271,688)
Financing activities			
Proceeds from private placement of common shares	7	**-**	5,685,000
Payment of share issuance costs related to private placement	7	**-**	(446,555)
Proceeds from subscription receipt issuance	7	**-**	8,808,000
Payment of subscription receipt issuance costs	7	**-**	(790,809)
Principal payments on lease liability	6	**(3,780)**	(15,120)
Warrants exercised	8	**-**	26,280
Net cash flows provided by/(used in) financing activities		**(3,780)**	13,266,796
Net increase/(decrease) in cash during year		**(3,233,953)**	2,995,108
Cash, beginning of year		**4,075,028**	1,079,920
Cash, end of year		**841,075**	4,075,028
SUPPLEMENTAL INFORMATION			
Broker warrants issued	8	**-**	563,655

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nobel Resources Corp. (the "Company", or "Nobel") was incorporated on August 20, 2020 under the laws of the Province of Ontario. The Company commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSXV") on April 20, 2021 under the new trading symbol "NBLC". The Company also trades on the OTCQB Venture Market in the United States under the symbol "NBTRF".

The Company owns the following subsidiaries:

- A 100% interest in Grupo Los Nogales S.A. ("Nobel Panama"), a company incorporated on July 20, 2010 in Panama which in turn owns 100% of Mantos Grandes Resources Chile SpA, a company incorporated on June 22, 2018 in the Republic of Chile.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 36 Lombard Street, 4th Floor, Toronto, Ontario, M5C 2X3.

On April 14, 2021, the Company closed its previously announced reverse takeover transaction (the "Transaction") with Novo19 Capital Corp. ("Novo19"). The Transaction was completed by way of a "three-cornered" amalgamation pursuant to the provisions of the *Business Corporations Act* (Ontario). Prior to the completion of the Transaction, Novo19: (i) completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation share for every 6.6667 pre-consolidation shares; and (ii) changed its name from "Novo19 Capital Corp." to "Nobel29 Resources Corp." ("Nobel29"). Pursuant to the Transaction, all common shares of the Company were exchanged for post-consolidation shares on a one-for-one basis for common shares of Nobel29 and the Company and 2791419 Ontario Inc., a wholly owned subsidiary of the Company newly incorporated under the *Business Corporations Act* (Ontario) for the sole purpose of effecting the Transaction, amalgamated with the resulting entity continuing as a wholly owned subsidiary of the Company under the name "Nobel Resources Corp." See Note 7(iii).

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development, and upon future profitable production or proceeds from the disposition of these property interests.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's exploration property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

At December 31, 2022, the Company had working capital of $334,378 (December 31, 2021- $3,680,609), and a deficit of $19,475,681 (December 31, 2021- $16,126,184). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The Company has a 100% interest in Grupo Los Nogales S.A. ("Nobel Panama"), a company incorporated on July 20, 2010 in Panama which in turn owns 100% of Mantos Grandes Resources Chile SpA ("Nobel Chile"), a company incorporated on June 22, 2018 in the Republic of Chile. The Company acquired control of Nobel Panama and its subsidiary on September 18, 2020.

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 25, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies *(see Note 14)*

Lease and right-of-use assets

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

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

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease and right-of-use assets (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

Financial Assets and Liabilities

Financial Assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement- financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss. The Company’s cash and amounts receivable are recorded at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of earnings (loss). The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Subsequent measurement – financial assets at FVOCI (continued)

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation properties

All expenditures on exploration and evaluation activities, including costs incurred to acquire and secure exploration property licenses, are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable.

Development assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, including warrants and share options are recognized as a deduction from equity, net of any tax effects.

Foreign currency translation

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Income taxes

Any income tax on profit or loss for the period 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 or other comprehensive loss, in which case the income tax is recognized in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the equity reserves note (Note 8).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding options and warrants were anti-dilutive for the years ended December 31, 2022 and 2021.

Impairment of non-financial assets

The carrying values of right-of-use assets are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to loss to reduce the carrying amount to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in loss.

Rehabilitation provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. If incurred while exploration and evaluation activities were taking place, amounts are expensed. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss.

The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2022 and 2021.

New accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2022. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have been adopted:

On January 1, 2022, amendments clarifying the costs of fulfilling an onerous contract under IAS 37- Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") came into effect. This amendment did not have a significant impact on the consolidated financial statements.

On January 1, 2022, amendments related to recognition of proceeds from selling items before the asset is available for its intended use under IAS 16- Property, Plant and Equipment ("IAS 16") came into effect. This amendment did not have a significant impact on the consolidated financial statements.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2023. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted and are being evaluated to determine their impact on the consolidated financial statements.

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes (continued)

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements ("IAS 1") was revised in January 2020 and July 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

IAS 12 – Income Taxes ("IAS 12") was amended in September 2021 to narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

IAS 8 – Definition of Accounting Estimates ("IAS 8") was amended in February 2021 to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to management uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves management uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. IAS 8 is effective for annual periods beginning on or after January 1, 2023.

4. AMOUNTS RECEIVABLE

	December 31, 2022 $	December 31, 2021 $
Sales taxes receivable- Canada	291,685	194,780
Other receivables	8,059	3,984
	299,744	**198,764**

5. EXPLORATION AND EVALUATION EXPENDITURES

Pircas Verdes Property, Chile

On November 9, 2022, the Company entered into a definitive option agreement to acquire 100% interest in the Pircas Verdes Project ("Pircas Verdes"), a property in Coquimbo, Chile.

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Pircas Verdes Property, Chile (continued)

To fully exercise the option, the Company is required to make the following payments:

- USD$50,000 in cash on the date the option agreement is registered with the Chilean mining authority (November 22, 2022). This step has been completed and the funds have been paid;
- USD$200,000 in cash on November 22, 2023;
- USD$250,000 in cash on November 22, 2024;
- USD$500,000 in cash on November 22, 2025;
- USD$1,000,000 in cash on November 22, 2026; and
- USD$2,000,000 in cash on November 22, 2027.

Upon completion of the payments above, the Company will own 100% of Pircas Verdes, subject to a 1.5% NSR on future mineral production on Pircas Verdes. The Company has a right to repurchase 1.0% of the NSR on Pircas Verdes from the optionor for US$2,000,000 in cash. The Company can, at its sole discretion, decide not to exercise the option and terminate the option agreement.

Nobel will be the operator of Pircas Verdes during the term of the option agreement.

Algarrobo Property, Chile

On December 14, 2020, the Company signed an option agreement between a wholly owned subsidiary of the Company, Mantos Grandes Resources Chile SpA and Minera Caldera SCM, an arm's length corporation, whereby the Company has the option, subject to certain conditions therein, to obtain a 100% interest in the mining rights associated with the Algarrobo Property.

To fully exercise the option, the Company is required to make the following cash payments:

- US$100,000 (paid October 2020);
- US$200,000 (paid December 2020);
- US$250,000 (paid August 2021);
- US$450,000 by February 18, 2023;
- US$1,000,000 by August 18, 2023
- US$5,000,000 by August 18, 2024;
- US$5,000,000 by August 18, 2025; and
- US$3,000,000 by the earlier of the Company obtaining certain exploitation funding, or August 18, 2027.

Upon completion of the payments above, the Company will own 100% of the Algarrobo project and must grant the optionor a 2% NSR royalty on future mineral production. The Company can, at its sole discretion, decide not to exercise the option and terminate the option agreement.

Subsequent to December 31, 2022, the Company elected to not exercise the option and terminated the option agreement. See Note 15.

La Salvadora Property, Chile

On September 24, 2021, the Company's wholly owned subsidiary, Mantos Grandes Resources Chile SpA, entered into a definitive option agreement to acquire a 100% interest in the mining rights associated with the La Salvadora Project.

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

La Salvadora Property, Chile (continued)

To fully exercise the option, the Company was required to make the following cash payments:

- US$70,000 (paid September 2021);
- US$80,000 (paid March 21, 2022);
- US$120,000 by September 24, 2022;
- US$130,000 by March 24, 2023;
- US$200,000 by September 24, 2023
- US$300,000 by March 24, 2024;
- US$300,000 by September 24, 2024; and
- US$3,300,000 by March 24, 2025.

On November 24, 2022, after reviewing the technical results to that date, the Company elected to withdraw from its option to acquire the La Salvadora project.

Exploration and evaluation expenditures for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022			
	Algarrobo	Salvadora	Pircas Verdes	Total
Property option payments	$ -	$ 108,352	$ 67,720	$ 176,072
Drilling	514,984	558,539	-	1,073,523
Topographic surveys	148,756	43,564	54,146	246,466
Laboratory analysis	66,332	-	-	66,332
Field supplies	24,012	13,631	2,776	40,419
Professional fees	13,134	27,676	26,758	67,568
Land management fees, taxes and permits	62,824	9,563	-	72,387
Project overhead costs	176,339	137,173	78,373	391,885
Total exploration and evaluation expenses	**$ 1,006,381**	**$ 898,498**	**$ 229,773**	**$ 2,134,652**

	Year ended December 31, 2021		
	Algarrobo	Salvadora	Total
Property option payments	$ 248,848	$ 69,678	$ 318,526
Drilling	3,512,776	243,078	3,755,854
Topographic surveys	1,499,518	192,027	1,691,545
Laboratory analysis	109,636	23,992	133,628
Field supplies	256,971	27,097	284,068
Professional fees	124,195	41,398	165,593
Land management fees, taxes and permits	310,396	37,889	348,285
Project overhead costs	1,308,938	118,994	1,427,932
Total exploration and evaluation expenses	**$ 7,371,278**	**$ 754,153**	**$ 8,125,431**

See also Note 12.

Expressed in Canadian Dollars

6. LEASE

On November 3, 2020, Nobel Chile signed an office lease agreement for a property located at 363 Costa de Atacama Street, Villa Costa del Sol, city of Caldera, region of Atacama, Chile. The agreement has a termination date of March 31, 2022 and monthly rent payments of 700,000 Chilean pesos ($1,260).

Right of use asset		
Balance, December 31, 2020	**$**	**17,913**
Amortization		(14,330)
Balance, December 31, 2021	**$**	**3,583**
Amortization		(3,583)
Balance, December 31, 2022	**$**	**-**

Lease liability		
Balance, December 31, 2020	**$**	**18,019**
Lease accretion		837
Lease payments		(15,120)
Balance, December 31, 2021	**$**	**3,736**
Lease accretion		44
Lease payments		(3,780)
Balance, December 31, 2022		**-**

7. COMMON SHARES

Authorized

At December 31, 2022 and 2021, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding		**Amount**
Balance, December 31, 2020	**40,000,000**	**$**	**2,157,652**
Private placements (i,iv)	12,823,612		5,685,000
Warrants issued	-		(1,580,968)
Reverse takeover transaction (Note 1 and (iii))	2,025,705		810,316
Subscription receipts (ii,iii)	22,020,000		8,808,000
Share issue costs	-		(1,610,365)
Exercise of warrants	262,800		42,311
Balance, December 31, 2021 and 2022	**77,132,117**		**14,311,946**

(i) On September 20, 2021, the Company completed the first tranche of a private placement financing by issuing 3,333,332 units at a price of $0.45 per unit for gross proceeds of $1,500,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.60 for a period of 36 months. The grant date fair value of the warrants issued was estimated at $417,251 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.33; expected volatility of 157% based on volatilities of comparable companies; risk-free interest rate of 0.54% and expected life of 3 years.

7. COMMON SHARES (continued)

In connection with the offering, the Company paid $90,000 in finders' fees and issued 199,999 non-transferrable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until September 20, 2024. The grant date fair value of the finder warrants issued was estimated at $50,109 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.33; expected volatility of 157% based on volatilities of comparable companies; risk-free interest rate of 0.54% and expected life of 3 years.

On September 23, 2021, the Company completed the second and final tranche of a private placement financing by issuing 7,777,780 units at a price of $0.45 per unit for gross proceeds of $3,500,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.60 for a period of 36 months. The grant date fair value of the warrants issued was estimated at $973,062 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.33; expected volatility of 157% based on volatilities of comparable companies; risk-free interest rate of 0.61% and expected life of 3 years.

In connection with the offering, the Company paid $210,000 in finders' fees, $146,556 in other share issue costs, and issued 466,666 non-transferrable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until September 23, 2024. The grant date fair value of the finder warrants issued was estimated at $116,834 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.33; expected volatility of 157% based on volatilities of comparable companies; risk-free interest rate of 0.61% and expected life of 3 years.

(ii) On January 14, 2021, the Company closed a private placement of subscription receipts ("Subscription Receipts") by issuing 22,020,000 Subscription Receipts at a price of $0.40 each, for gross proceeds to the Company of approximately $8.8 million. Directors and officers of the Company subscribed for 375,000 subscription receipts for gross proceeds of $150,000.

A total of 1,541,400 broker warrants, each exercisable to acquire one common share at a price of $0.40 for a period of 24 months, were issued in connection with the offering. The fair value of the broker warrants issued was estimated at $373,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.40; expected volatility of 120% based on volatilities of comparable companies; risk-free interest rate of 1.45% and an expected life of 2 years.

Immediately prior to the closing of the reverse takeover transaction (Note 1), each Subscription Receipt was converted into one common share of the Company pursuant to the Transaction.

(iii) In connection with the Transaction, the Company issued 2,025,705 common shares to acquire Novo19. The value of the shares was based on the price of the subscription receipts. As part of the acquisition, the Company assumed net working capital of $93,429. Transaction costs, being the excess of the value of shares issued over net assets, were $903,745.

Expressed in Canadian Dollars

7. COMMON SHARES (continued)

(iv) On January 11, 2021, the Company completed the first tranche of a private placement financing by issuing 525,000 common shares at a price of $0.40 per share of gross proceeds of $210,000 and a second tranche on February 11, 2021 by issuing 1,187,500 at a price of $0.40 per share for gross proceeds of $475,000. The Company paid finders fees of $2,800 and additional share issue costs of $39,610 in cash. In addition, the Company issued a total of 98,000 broker warrants, each exercisable to acquire one common share at a price of $0.40 for a period of 24 months. The fair value of the broker warrants issued was estimated at $23,712 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.40; expected volatility of 120% based on volatilities of comparable companies; risk-free interest rate of 0.26% and an expected life of 2 years.

8. EQUITY RESERVES

Warrants

The changes in warrants issued during the years ended December 31, 2022 and 2021 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2020	**268,000**	**$ 0.10**	**$ 16,348**
Granted, January 2021	1,541,400	0.40	373,000
Granted, February 2021	98,000	0.40	23,712
Exercised, April 2021	(36,000)	0.10	(2,196)
Granted, September 2021	6,222,221	0.61	1,557,256
Exercised, September 2021	(176,800)	0.10	(10,785)
Exercised, December 2021	(50,000)	0.10	(3,050)
Balance, December 31, 2021	**7,866,821**	**$ 0.55**	**$ 1,954,285**
Expired, October 2022	(5,200)	0.10	(317)
Balance, December 31, 2022	**7,861,621**	**$ 0.55**	**$ 1,953,968**

During the year ended December 31, 2022, no warrants were exercised (2021: 262,800 warrants exercised), generating proceeds of $nil (2021: $26,280).

During the year ended December 31, 2022, 5,200 of the Company's warrants expired (2021: nil), and $317 was transferred to deficit (2021: $nil).

The following summarizes the warrants outstanding as at December 31, 2022:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Expected Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
1,541,400	1,541,400	11-Jan-21	11-Jan-23	$0.40	373,000	120%	0.26%	2.00	0%
98,000	98,000	11-Feb-21	11-Feb-23	$0.40	23,712	120%	0.26%	2.00	0%
1,666,666	1,666,666	20-Sep-21	20-Sep-24	$0.60	417,251	157%	0.54%	3.00	0%
199,999	199,999	20-Sep-21	20-Sep-24	$0.45	50,109	157%	0.54%	3.00	0%
3,888,890	3,888,890	23-Sep-21	23-Sep-24	$0.60	973,062	157%	0.61%	3.00	0%
466,666	466,666	23-Sep-21	23-Sep-24	$0.45	116,834	157%	0.61%	3.00	0%
7,861,621	**7,861,621**				**1,953,968**				

Expressed in Canadian Dollars

8. EQUITY RESERVES (continued)

Warrants (continued)

The weighted-average remaining contractual life of the warrants as of December 31, 2022 is 1.38 years (December 31, 2021- 2.37 years).

Share-based payments

The changes in stock options issued during the years ended December 31, 2022 and 2021 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2020	**-**	**$ -**	**$ -**
Granted, April 2021	5,325,000	0.47	2,143,935
Granted, October 2021	1,960,000	0.80	1,400,210
Balance, December 31, 2021 and 2022	**7,285,000**	**$ 0.56**	**$ 3,544,145**

On April 14, 2021, the Company granted a total of 3,775,000 stock options to directors, management, and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.40 per option, expiring March 2, 2026. The fair value of the stock options issued was estimated at $1,346,653 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, share price of $0.40, expected volatility of 144% based on volatilities of comparable companies, risk-free interest rate of 0.95% and expected average life of 4.88 years. Directors and officers were granted 2,900,000 options with a fair value of $1,034,515.

On April 22, 2021, the Company granted a total of 1,550,000 stock options to directors and officers of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.64 per option, for a period of five years from the date of grant. The fair value of the stock options issued was estimated at $797,282 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, share price of $0.58, expected volatility of 143% based on volatilities of comparable companies, risk-free interest rate of 0.93% and expected average life of 5 years.

On October 21, 2021, the Company granted a total of 300,000 stock options to a director of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.60 per option, for a period of five years from the date of grant. The fair value of the stock options issued was estimated at $161,850 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, share price of $0.60, expected volatility of 145% based on volatilities of comparable companies, risk-free interest rate of 1.35% and expected average life of 5 years.

On October 29, 2021, the Company granted a total of 1,660,000 stock options to directors, officers, and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.84 per option, for a period of five years from the date of grant. The fair value of the stock options issued was estimated at $1,238,360 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, share price of $0.83, expected volatility of 145% based on volatilities of comparable companies, risk-free interest rate of 1.50% and expected average life of 5 years. Directors and officers were granted 1,600,000 options with a fair value of $1,193,600.

Expressed in Canadian Dollars

8. EQUITY RESERVES (continued)

Share-based payments (continued)

Options outstanding as at December 31, 2022 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Expected Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
3,775,000	3,775,000	14-Apr-21	02-Mar-26	$0.40	1,346,653	144%	0.95%	4.88	0%
1,550,000	1,550,000	22-Apr-21	22-Apr-26	$0.64	797,282	143%	0.93%	5.00	0%
300,000	300,000	21-Oct-21	21-Oct-26	$0.60	161,850	145%	1.35%	5.00	0%
1,660,000	1,660,000	29-Oct-21	29-Oct-26	$0.84	1,238,360	145%	1.50%	5.00	0%
7,285,000	**7,285,000**				**3,544,145**				

The weighted-average remaining contractual life of the options as of December 31, 2022 is 3.38 years (December 31, 2021- 4.38 years).

9. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, stock options, and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts. The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2022, the Company may not be compliant with the policies of the TSXV. The impact of any such violation is not known and is ultimately dependent on the discretion of the TSXV.

10. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at December 31, 2022 and 2021, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*
The Company is not exposed to significant trade credit risk.

b. *Cash*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Chilean Peso from its property interests in Chile and US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

10. FINANCIAL INSTRUMENTS (continued)

As at December 31, 2022 and 2021, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

	December 31, 2022 Chilean pesos	December 31, 2021 Chilean pesos
Cash	$ 125,207	$ 226,718
Accounts receivable	-	3,984
Accounts payable and accrued liabilities	(11,498)	(381,028)
	$ 113,709	$ (150,326)

	December 31, 2022 United States dollars	December 31, 2021 United States dollars
Cash	$ 4,173	$ 47,154
Accounts receivable	-	-
Accounts payable and accrued liabilities	(80,350)	(28,120)
	$ (76,177)	$ 19,034

A 10% strengthening (weakening) of the Canadian dollar against the Chilean peso would decrease (increase) net loss by approximately $11,400 (December 31, 2021: $(15,000)).

A 10% strengthening (weakening) of the Canadian dollar against the United States dollar would decrease (increase) net loss by approximately $(7,600) (December 31, 2021: $1,900).

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2022, the Company had a cash balance of $841,075 (December 31, 2021: $4,075,028) to settle accounts payable, accrued and lease liabilities of $817,598 (December 31, 2021: $657,789). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold and copper. Commodity price risk is remote as the Company is not a producing entity.

11. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the years ended December 31, 2022 and 2021, the remuneration of directors and other key management personnel was as follows:

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS (continued)

	Year ended December 31, 2022	2021
	$	$
Consulting fees	1,153,180	988,277
Share-based compensation	-	3,187,247
	1,153,180	**4,175,524**

At December 31, 2022, the Company had $747,256 owing to its key management and directors (December 31, 2021: $110,784). Such amounts are unsecured, non-interest bearing, with no fixed terms of payment or "due on demand" and included in accounts payable and accrued liabilities.

In connection with the Company's subscription receipts financing (see Note 7), officers of the Company subscribed for an aggregate of 375,000 subscription receipts for total proceeds of $150,000.

12. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Chile. The following tables summarize the total assets and liabilities by geographic segment as at December 31, 2022 and 2021:

December 31, 2022	**Chile**	**Canada**	**Total**
Cash	$ 125,207	$ 715,868	$ 841,075
Amounts receivable	-	299,744	299,744
Prepaid expenses and advances	11,157	-	11,157
Right-of-use-asset	-	-	-
Total Assets	**$ 136,364**	**$ 1,015,612**	**$ 1,151,976**
Accounts payable and accrued liabilities	$ 11,498	$ 806,100	$ 817,598
Total liabilities	**$ 11,498**	**$ 806,100**	**$ 817,598**

December 31, 2021	**Chile**	**Canada**	**Total**
Cash	$ 226,718	$ 3,848,310	$ 4,075,028
Amounts receivable	3,984	194,780	198,764
Prepaid expenses and advances	10,410	54,196	64,606
Right-of-use-asset	3,583	-	3,583
Total Assets	**$ 244,695**	**$ 4,097,286**	**$ 4,341,981**
Accounts payable and accrued liabilities	$ 381,028	$ 273,025	$ 654,053
Lease liability	3,736	-	3,736
Total liabilities	**$ 384,764**	**$ 273,025**	**$ 657,789**

Expressed in Canadian Dollars

12. SEGMENT INFORMATION (continued)

The following tables summarize the loss by geographic segment for the years ended December 31, 2022 and 2021:

December 31, 2022	**Chile**	**Canada**	**Total**
Project evaluation expenses	$ 2,134,652	$ -	$ 2,134,652
General and administrative expenses	-	1,294,613	1,294,613
Foreign exchange (gain)	-	(79,451)	(79,451)
Loss	**$ 2,134,652**	**$ 1,215,162**	**$ 3,349,814**

December 31, 2021	**Chile**	**Canada**	**Total**
Project evaluation expenses	$ 8,125,431	$ -	$ 8,125,431
General and administrative expenses	-	6,823,959	6,823,959
Foreign exchange (gain)	-	(105,956)	(105,956)
Loss	**$ 8,125,431**	**$ 6,718,003**	**$ 14,843,434**

13. INCOME TAXES

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021: 26.5%) to the effective tax rate is as follows:

	2022 **$**	**2021** **$**
(Loss) before income taxes	(3,349,814)	(14,843,434)
Expected income tax recovery based on statutory rate	(888,000)	(3,934,000)
Adjustment to expected income tax recovery:		
Share based compensation	-	939,000
Expenses not deductible for tax purposes	(47,000)	211,000
Other	-	2,000
Change in unrecorded deferred tax asset	935,000	2,782,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Taxes

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Expressed in Canadian Dollars

13. INCOME TAXES (continued)

	2022 $	2021 $
Non-capital loss carry-forwards - Canada	6,110,000	3,594,000
Non-capital loss carry-forwards - Chile	7,901,000	5,828,000
Share issue costs	977,000	1,304,000
Other temporary differences	20,000	17,000.00
Total	15,008,000	10,743,000

In Canada, the Company has approximately $6,110,000 of non-capital losses expiring between 2040 and 2042. In Chile, the Company has approximately $7,901,000 of non-capital losses that carry forward indefinitely.

Deferred tax assets have not been recognized in respect to these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

14. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $630,000 (December 31, 2021: $590,000) with regards to termination pay and additional contingent payments of up to approximately $2,210,000 (December 31, 2021: $2,085,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, 1,639,400 of the Company's warrants expired.

On February 6, 2023, the Company terminated the option agreement to acquire the Algarrobo project. See Note 5.