POWER NICKEL INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Power Nickel Inc.

Opinion

We have audited the consolidated financial statements of Power Nickel Inc. 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 cash flows and consolidated statements of changes in shareholders' deficiency 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's current liabilities exceeded its current assets. 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.

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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.

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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 Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 1, 2023

Power Nickel Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	December 31, 2022	December 31, 2021 (note 2)
ASSETS		
Current		
Cash	**$ 1,275,104**	$ 1,176,687
Amounts receivable (note 12)	**268,879**	102,688
Due from related party (note 12)	**-**	54,471
Prepaid expenses	**407,443**	57,025
Total current assets	**1,951,426**	1,390,871
Non-current assets		
Equipment (note 4)	**9,019**	12,883
Total assets	**$ 1,960,445**	$ 1,403,754
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 12 and 14)	**$ 1,331,063**	$ 1,105,148
Due to related parties (note 12)	**181,003**	-
Flow-through liability (note 14)	**1,198,392**	219,722
Debentures payable (note 6)	**-**	703,363
Advances from shareholders (notes 8 and 12)	**7,000**	7,000
Total current liabilities	**2,717,458**	2,035,233
Other liabilities (note 7)	**55,464**	55,464
Total liabilities	**2,772,922**	2,090,697
SHAREHOLDERS' DEFICIENCY		
Issued capital (note 8)	**70,990,710**	68,376,098
Contributed surplus (note 9)	**1,974,028**	1,706,007
Warrants (note 10)	**2,212,080**	1,290,088
Deficit	**(75,989,295)**	(72,059,136)
Total shareholders' deficiency	**(812,477)**	(686,943)
Total liabilities and shareholders' deficiency	**$ 1,960,445**	$ 1,403,754

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 5 and 14)
Subsequent events (note 18)

On behalf of the Board:

(Signed) "*Terry Lynch*"
Terry Lynch, Director

(Signed) *"Peter Kent"*
Peter Kent, Director

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

Power Nickel Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating expenses		
Administration fees (note 12)	**$ 336,612**	$ 359,450
Amortization (note 4)	**3,864**	5,520
Accretion, bank and interest fees (note 6)	**120,084**	121,299
Exploration expenditures (note 5)	**1,962,536**	7,787,339
Foreign exchange loss (gain)	**(30,766)**	(100,880)
Investor relations	**1,467,170**	434,950
Office and miscellaneous	**77,997**	72,131
Professional fees (note 12)	**165,996**	198,800
Share-based payments (note 9)	**396,606**	1,526,523
Transfer and regulatory	**96,242**	64,169
Travel, promotion and mining shows	**49,634**	98,208
Part XII.6 tax interest and penalty	**-**	2,244
Total expenses before other items	**(4,645,975)**	(10,569,753)
Other items		
Flow-through liability amortization	**396,330**	260,278
Sale of equipment	**4,490**	-
Net loss and comprehensive loss for the year	**$ (4,245,155)**	$ (10,309,475)
Net loss and comprehensive loss per share - basic and diluted (note 11)	**$ 0.05**	$ 0.14
Weighted average number of common shares outstanding - basic and diluted (note 11)	**92,476,021**	75,146,431

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

Power Nickel Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating activities		
Loss for the year	**$ (4,245,155)**	$ (10,309,475)
Items not affecting cash:		
Accrued interest and accretion	**115,942**	117,116
Amortization	**3,864**	5,520
Share-based payments	**396,606**	1,526,523
Shares issued for exploration properties	**4,984**	6,387,246
Flow-through liability amortization	**(396,330)**	(260,278)
Write off of other liabilities	**-**	(14,090)
Changes in non-cash working capital items:		
Amounts receivable	**(166,191)**	(8,387)
Prepaid expenses	**(350,418)**	(6,971)
Accounts payable and accrued liabilities	**225,915**	(13,412)
Due from related parties	**(16,928)**	(32,893)
Due to related parties	**252,402**	-
Net cash used in operating activities	**(4,175,309)**	**(2,609,101)**
Financing activities		
Proceeds from private placements	**4,192,500**	2,280,000
Share issuance costs	**(166,638)**	(182,235)
Repayment of debenture	**(819,305)**	-
Exercise of options	**14,000**	427,000
Exercise of warrants	**1,053,169**	1,081,340
Net cash provided by financing activities	**4,273,726**	**3,606,105**
Investing activities		
Loan receivable	**-**	(50,000)
Proceeds loan receivable	**-**	50,411
Net cash provided by investing activities	**-**	**411**
(Decrease) increase in cash	**98,417**	997,415
Cash, beginning of year	**1,176,687**	179,272
Cash, end of year	**$ 1,275,104**	$ 1,176,687

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

Power Nickel Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Common Shares					
	Number	Amount	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2020	**44,337,226**	**$ 58,328,714**	**$ 600,535**	**$ 1,611,502**	**$ (61,858,093)**	**$ (1,317,342)**
Private placement	6,800,000	2,180,000	-	-	-	2,180,000
Flow-through liability	-	(480,000)	-	-	-	(480,000)
Share issuance costs	-	(182,235)	-	-	-	(182,235)
Broker warrants	-	(71,265)	-	71,265	-	-
Share based compensation	-	-	1,526,523	-	-	1,526,523
Exercise of warrants	7,478,400	1,454,043	-	(372,703)	-	1,081,340
Exercise of options	3,050,000	759,595	(332,595)	-	-	427,000
Shares issued for exploration properties	23,120,147	6,387,246	-	-	-	6,387,246
Option expiry	-	-	(88,456)	-	88,456	-
Warrant expiry	-	-	-	(19,976)	19,976	-
Net loss for the year	-	-	-	-	(10,309,475)	(10,309,475)
Balance, December 31, 2021	**84,785,773**	**$ 68,376,098**	**$ 1,706,007**	**$ 1,290,088**	**$ (72,059,136)**	**$ (686,943)**
Private placement	28,175,000	2,839,635	-	1,352,865	-	4,192,500
Flow-through liability	-	(1,375,000)	-	-	-	(1,375,000)
Share issuance costs	-	(166,638)	-	-	-	(166,638)
Broker warrants	-	(131,015)	-	131,015	-	-
Share based compensation	-	-	396,606	-	-	396,606
Exercise of warrants	7,021,125	1,418,476	-	(365,307)	-	1,053,169
Exercise of options	100,000	24,170	(10,170)	-	-	14,000
Shares issued for exploration properties (net of costs)	65,789	4,984	-	-	-	4,984
Warrant expiry	-	-	-	(196,581)	196,581	-
Option expiry	-	-	(118,415)	-	118,415	-
Net loss for the year	-	-	-	-	(4,245,155)	(4,245,155)
Balance, December 31, 2022	**120,147,687**	**$ 70,990,710**	**$ 1,974,028**	**$ 2,212,080**	**$ (75,989,295)**	**$ (812,477)**

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

1. Nature of operations and going concern

Power Nickel Inc. (the “Company” or "Power Nickel") is a mineral exploration company and is in the business of acquiring and exploring mineral properties in Chile and Canada. On July 9, 2021, the Company changed its name from "Chilean Metals Inc." to "Power Nickel Inc.".

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”), and Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at the Canadian Venture Building, 82 Richmond Street East, Suite 202, Toronto, Ontario, M5C 1P1. The Company’s registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The Company’s Chilean mineral property maintenance payments are in arrears (see note 14) and as a result, the Copiapó Court has been notified by the General Treasury of the Republic of Chile. The Copiapó Court may initiate the auction of the properties. If the Company’s claims are put up for auction the Company, as concession holder, is not allowed to place bids on its claims under auction; however, the Company understands that the concession holder may remove a concession from auction by paying the penalty amount which is equal to double the patent amount outstanding. Accordingly, there is a risk that the Company will not be able to retain title to its mineral claims in Chile.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the year ended December 31, 2022, the Company incurred a net loss of $4,245,155 (year ended December 31, 2021 - $10,309,475). As at December 31, 2022, the Company has incurred significant losses since inception totaling $75,989,295 (December 31, 2021 - $72,059,136). As at December 31, 2022, the Company has a working capital deficiency of $766,032 (December 31, 2021 - working capital deficiency of $644,362); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

2. Basis of presentation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These consolidated financial statements were issued and effective as of May 1, 2023, the date the Board of Directors approved the statements.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of each individual entity is measured using the currency of the primary economic environment in which the entity operates, being the Canadian dollar.

Basis of consolidation

These consolidated financial statements incorporate the assets, liabilities and results of operations of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group have been eliminated.

These consolidated financial statements include the accounts of the Company, its wholly-owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd. and Consolidated Copper and Gold Inc. (Previously Chilean Metals Exploration Ltd). These consolidated financial statements include the indirectly 100% owned Canadian subsidiaries SPN Metals Exploration Ltd., TDO Metals Exploration Ltd., Pintada Minerals Inc., Pintada Holdings Inc., Palo Negro Mining Inc., Palo Negro Holdings Inc., Verna Exploration Ltd., and Verna Holdings Ltd. The Company also has a 100% indirect interest in three Chilean subsidiaries: Minera Tierra de Oro Ltda., Minera Palo Negro Ltda. and Minera Sierra Pintada Ltda. All material inter-company balances and transactions have been eliminated on consolidation.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases.

2. Basis of presentation (continued)

Use of estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

The critical judgments management has made in the process of applying the Company's accounting policies, apart from those involving estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are in relation to the assumption that the Company will continue as a going concern. The most significant accounts that require estimates as the basis for determining the stated amounts include the following:

(i) Share-based payments

When stock options and warrants are issued by the Company, it calculates their estimated fair value using the Black-Scholes option pricing model, which may not reflect the actual value on exercise. The Company uses publicly available rates, where available, as inputs into the model including volatility assumptions. The Company recognizes the fair value of stock options on the consolidated statement of loss when vesting occurs.

(ii) Income taxes

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.

(iii) Restoration, rehabilitation and environmental provisions

The Company assumes no material restoration, rehabilitation and environmental provisions based on facts and circumstances that existed as of each reporting period. The Company must review this assumption in accordance with exploration results, existing laws, contracts and other policies. A material restoration obligation involves a number of estimates relating to timing, type of costs and associated contract negotiations, and a review of potential methods and technical advancements.

2. Basis of presentation (continued)

Use of estimates and judgments (continued)

(iv) Contingencies

See note 14.

(v) Going concern

The going concern presentation of the consolidated financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

(vi) Determination of functional currency

Under IFRS, each entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

Change of accounting policy

During the year ended December 31, 2022, the Company changed its accounting policy to only include unexpired options within the balance of contributed surplus on the Statement of Financial Position. This change was made in order to provide better information to the readers of the financial statements. As a result of this change, the contributed surplus balance as at January 1, 2021 decreased by $3,495,623 and deficit was also reduced by the same amount. In addition, the contributed surplus balance as at December 31, 2021 decreased by $3,495,623 and deficit was also reduced by the same amount. There were no other material changes in these financial statements as a result of this change in policy.

New standards adopted

During the year ended December 31, 2022, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards these include IAS 16 and IAS 37. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

New standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. Significant accounting policies

(a) Equipment

Equipment is recorded at cost less accumulated amortization less impairment losses. Amortization method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at the following rates per annum:

Automobile	30%
Furniture and office equipment	30%
Field equipment	30%

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing are recognized in profit or loss as incurred.

(b) Exploration and evaluation

Exploration and evaluation (“E&E”) expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties determined to be the acquisition of assets and liabilities for accounting purposes.

E&E expenditures are expensed as incurred to the date that costs incurred are determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company.

Government assistance

Government assistance related to exploration properties is recognized as a recovery of exploration expenses in the consolidated statement of loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

(c) Impairment

The Company’s tangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

(c) Impairment (continued)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2022 and 2021, the Company had not incurred any decommissioning liabilities related to the exploration of its mineral properties.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(f) Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of the Company and its Canadian and Chilean subsidiaries is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of monetary assets and liabilities not denominated in the functional currency of an entity at period end exchange rates are recognized in the statement of loss.

Management determines the functional currency by examining the primary economic environment in which it operates. The Company considers the following factors in determining its functional currency:

(i) The currency that mainly influence labor, material and other costs of providing goods;
(ii) The currency in which funds from financing activities are generated;
(iii) The currency in which receipts from operating activities are usually retained; and
(iv) Whether the activities are carried out as an extension of the Company rather than being carried out with a significant degree of autonomy.

3. Significant accounting policies (continued)

(g) Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are not recognized if it is probable that the asset will not be realized.

The following temporary differences do not result in deferred tax assets or liabilities:

(v) the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit; and
(vi) investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) Financial instruments

Financial instruments are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial instruments: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Classification	**Measurement**
Cash	Amortized cost
Amounts receivable	Amortized cost
Amounts due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Advances from shareholders	Amortized cost
Debenture payable	Amortized cost
Other liabilities	Amortized cost

Financial assets
Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Financial assets (continued)

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash, amounts receivable, amounts due from related parties, and advances are classified as financial assets measured at amortized cost.

Financial liabilities
Financial liabilities are classified as either financial liabilities at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, debentures payable, due to related parties, advances from shareholders and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs
Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement
Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Expected credit loss impairment model
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(i) Share-based payments

The Company has a stock option plan, which is described in Note 9. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Options granted under the Company’s stock option plan vest as determined by the directors at the time of grant. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased.

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the stock options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

(j) Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(k) Loss per share

Basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the years ended December 31, 2022 and 2021, the existence of warrants and options causes the calculation of diluted loss per share to be anti-dilutive and have been excluded from the calculation of diluted weighted average number of common shares.

3. Significant accounting policies (continued)

(l) Debentures

When debentures are issued, the Company analyzes their terms and conditions and first assesses whether the debenture is equity or a liability using the criteria provided in IAS 32. The Company may also conclude that the convertible debentures have both debt and equity components. Where there is a debt component that meets the definition of a financial liability and also an equity component where the debenture holder has a conversion option, the following paragraphs describe that accounting treatment.

The component parts of debentures issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Conversion rights classified as equity are determined by deducting the amount of the liability component from the fair value of the debenture as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion right classified as equity will remain in equity until the conversion right is exercised, in which case, the balance recognized in equity will be transferred to share capital. When the conversion rights remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to accumulated deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion right.

(m) Warrants

Warrants exercisable in the Company's functional currency are recorded to equity on the consolidated statements of financial position and valued using the Black-Scholes option pricing model. Warrants exercisable in a currency other than the Company's functional currency are recorded to warrant liability on the consolidated statement of financial position and valued initially and at each period end using the Black-Scholes option pricing model. Any gains or losses are recognized in the statements of loss.

(n) Flow-through share financings

The Company periodically finances a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to capital stock and any difference between that amount and the issue price is recognized as a flow-through share premium and recognized as a liability in the consolidated statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred income tax liability and corresponding deferred income tax expense is recognized, and the liability previously recorded as a flow through share premium is recorded to flow-through share premium income. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred income tax liability and record a recovery on the consolidated statement of operations. The related exploration costs are expensed as incurred.

(Expressed in Canadian Dollars)

4. Equipment

Cost	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2020, December 31, 2021 & December 31, 2022	**$ 16,342**	**$ 83,278**	**$ 126,697**	**$ 226,317**

Accumulated amortization	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2020	**$ 967**	**$ 82,322**	**$ 124,625**	**$ 207,914**
Additions	4,612	288	620	5,520
Balance, December 31, 2021	**5,579**	**82,610**	**125,245**	**213,434**
Additions	3,228	200	436	3,864
Balance, December 31, 2022	**$ 8,807**	**$ 82,810**	**$ 125,681**	**$ 217,298**

Net book value	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2021	**$ 10,763**	**$ 668**	**$ 1,452**	**$ 12,883**
Balance, December 31, 2022	**$ 7,535**	**$ 468**	**$ 1,016**	**$ 9,019**

5. Mineral exploration expenditures

Exploration and acquisition costs for the year ended December 31, 2022 and December 31, 2021 are as follows:

	Zulema	Nisk	Golden Ivan	Total
Assays	$ 3,423	$ -	$ -	$ 3,423
Claim costs	70,701	-	-	70,701
Drilling	-	198,267	-	198,267
Option payments	-	4,418,246	2,444,000	6,862,246
Field costs	37,322	-	-	37,322
Geological	119,565	332,859	162,956	615,380
Year ended December 31, 2021	**$ 231,011**	**$ 4,949,372**	**$ 2,606,956**	**$ 7,787,339**

	Zulema	Nisk	Golden Ivan	Total
Claim costs	$ 80,957	$ 6,287	$ -	$ 87,244
Drilling	-	784,677	-	784,677
Option payments	-	8,553	-	8,553
Field costs	8,065	252,755	-	260,820
Geophysics and geological	102,423	694,262	24,557	821,242
Year ended December 31, 2022	**$ 191,445**	**$ 1,746,534**	**$ 24,557**	**$ 1,962,536**

5. Mineral exploration expenditures (continued)

(a) Tierra de Oro, Chile

Tierra de Oro is an exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The Company owns a 100% interest in exploration concessions in Region III, Chile. See Note 1 and 14 for status of claims in Chile.

(b) Zulema also known as Chicharra Property, Chile

The Company owns 100% of the rights to certain exploitation concessions and certain exploration concessions in Region III, Chile. See Note 1 and 14 for status of claims in Chile.

(c) Other Properties, Chile

During the year ended December 31, 2020, the Government of Chile, released the Company from paying for a number of claims which had taxes owing (note 14). These claims related to non-core properties, and properties where the Company had ceased its exploration programs. See Note 1 and 14 for status of claims in Chile.

(d) Nisk Property, British Columbia, Canada

On December 22, 2020 (the "Effective Date") the Company entered into an option agreement with Critical Elements Limited ("Critical") to acquire a 50% interest in the Nisk property (the "First Option"). Upon completion of the terms of the First Option the Company also has a Second Option to increase its interest from 50% to 80% by incurring or funding additional work in the amount of $2,200,000 including a Resource Estimate for a period of four years from the effective date of completion of the First Option. On February 24, 2021 ("Closing Date") the Company closed the transaction.

Under the terms of the agreement the requirements to exercise the First Option are:

(1) Make cash payments totaling $500,000 to Critical on or before the dates set out below:
 (i) A non-refundable amount of $25,000 on the date of execution of the agreement; (paid)
 (ii) An amount of $225,000 within five (5) Business Days following the Effective Date; and (paid)
 (iii) An amount $250,000 within six (6) months from the Effective Date; (paid)
(2) issue 12,051,770 Shares within five (5) Business Days following the Effective Date. (issued)
(3) incur an aggregate of $2,800,000 of exploration expenditures on the Property on or before the dates set out below:
 (i) $500,000 in exploration expenditures on or before the date that is one (1) year from the Closing Date; (completed)
 (ii) $800,000 in exploration expenditures on or before the date that is two (2) years from the Closing Date; (completed)
 (iii) $1,500,000 in exploration expenditures on or before the date that is three (3) years from Closing Date;

Following the exercise of the First Option Critical will receive a 2% net smelter return from the extraction and production of lithium products, of which the Company may reduce to 1% upon paying $2,000,000 in cash.

In connection with closing of the Nisk property agreement, the Company issued to Paradox Equity Partners Ltd a finders fee of 668,377 shares on February 24, 2021.

The 12,720,147 common shares issued during the year ended December 31, 2021 in connection with this property option agreement were valued at $3,943,246 based on the trading price of the Company's shares on the date of issuance.

5. Mineral exploration expenditures (continued)

(e) Golden Ivan, British Columbia, Canada

On January 14, 2021, the Company announced it finalized an option agreement dated October 7, 2020, to acquire 100% of the Golden Ivan property via a series of option payments and work commitments. On June 29, 2021, the agreement was revised to eliminate the cash payments and work commitment and expedite the payment by shares while reducing the overall quantity of shares by 1,000,000 shares from the original agreement. The revised terms are as follows:

(i) 3,900,000 common shares within five Business Days after receipt of the TSXV Approval. These common shares were valued at $1,209,000 based on the trading price of the Company's shares on the date of issuance.
(ii) 6,500,000 common shares on or before June 29, 2021 subject to TSXV Approval. These common shares were valued at $620,100 based on the trading price of the Company's shares on the date of issuance.

The Company has completed all option payments and has acquired a 100% interest subject only to a 2.5% NSR royalty. The Company retains the option to purchase 40% of this royalty for a one-time payment of $1,000,000.

6. Debentures payable

(a) On August 24, 2018, the Company issued $250,000 of secured debentures with a maturity of August 25, 2019 to a shareholder of the Company. The debenture bears interest at 14% per annum payable up front, $35,000 was paid as of December 31, 2018. In addition, a finance cost of $15,000 was paid as of September 30, 2019. As at December 31, 2019 the debentures were due on demand. The Company valued the debenture liability by calculating the present value of the principal and interest, discounted at a rate of 23%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms.

During the year ended December 31, 2020, the debentures were extended to August 31, 2020, and then combined with debentures noted in (b) to form the debenture noted in (c).

(b) On December 3, 2018, the Company issued $206,250 secured debentures with a maturity of December 3, 2019; The debentures bear interest at 14% per annum payable up front, $28,875 was paid as of December 31, 2018. As at December 31, 2019 the debentures were due on demand. The Company valued the debenture liability by calculating the present value of the principal and interest, discounted at a rate of 30%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms.

During the year ended December 31, 2020, the debentures were extended to August 31, 2020, and $112,562 of interest and principal balance was repaid, the remaining portion of the debentures were combined with the debentures noted in (a) to form the debenture noted in (c).

(c) Effective September 28, 2020, the Company issued a debenture in the amount of $702,000 which combined the balance of the debentures noted in (a), (b), and a portion of the advances which was payable to a significant shareholder of the Company into a single debenture. Under the terms of the agreement the debenture is repayable on September 28, 2022, with an interest rate of 14% per annum, and $93,228 of the interest was prepaid. The debenture included 4,682,861 warrants issued to the lender.

The warrants are exercisable for a period of two years at an exercise price of $0.13 per share and vest immediately. The debenture is accounted for as a compound financial instrument with a liability component, being the host debt contract, (the "host contract") and a separate equity component, being the warrants. At inception, the Company recognized the host debt at its fair value less transaction costs determined by discounting the net present value of future payments of interest and principal at the market rate for similar non-convertible liabilities at the time of issue (20%). The residual amount of $49,514 was allocated to the warrants. The discount will be amortized over a 24 month period using the effective interest method at an effective interest rate of 18.65%.

(Expressed in Canadian Dollars)

6. Debentures and loans (continued)

All debentures were held with shareholders of the Company. Effective November 29, 2022, the debentures were repaid.

A reconciliation of the debentures is as follows:

	December 31, 2022	December 31, 2021
Opening balance	**$ 703,363**	**$ 585,836**
Repayments of debentures	(819,305)	-
Interest and accretion	115,942	117,527
Ending balance	**$ -**	**$ 703,363**

7. Other liabilities

As at December 31, 2022, the Company has $55,464 (December 31, 2021 - $55,464) of accounts payable (the “Statute-barred Claims”) to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third party liabilities incurred prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company’s statement of financial position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors. The Statute-barred Claims are required to be reflected on the Company’s statement of financial position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

8. Issued capital

a) Authorized share capital

At December 31, 2022, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of $4.00 and Class B preference shares with a par value of $20.00. The common shares do not have a par value. No Class A or Class B preference shares have been issued.

b) Common shares issued

	Number of Shares	Amount
Balance, December 31, 2020	**44,337,226**	**$ 58,328,714**
Private placement (iii)	6,800,000	2,180,000
Flow-through liability (iii)	-	(480,000)
Share issuance costs (iii)	-	(182,235)
Broker warrants (iii)	-	(71,265)
Exercise of warrants (ii)	7,478,400	1,454,043
Exercise of options (i)	3,050,000	759,595
Shares issued for exploration properties (note 5(d)(e))	23,120,147	6,387,246
Balance, December 31, 2021	**84,785,773**	**$ 68,376,098**

(Expressed in Canadian Dollars)

8. Issued capital (continued)

	Number of Shares	Amount
Balance, December 31, 2021	**84,785,773**	**$ 68,376,098**
Private placement (vi)	28,175,000	2,839,635
Flow-through liability (vi)	-	(1,375,000)
Share issuance costs (vi)	-	(166,638)
Broker warrants (vi)	-	(131,015)
Exercise of warrants (v)	7,021,125	1,418,476
Exercise of options (iv)	100,000	24,170
Shares issued for exploration properties (net of costs)	65,789	4,984
Balance, December 31, 2022	**120,147,687**	**$ 70,990,710**

(i) During the year ended December 31, 2021, officers and directors exercised 3,050,000 stock options with a weighted average exercise price of $0.14 and a black scholes value of $332,595.

(ii) During the year ended December 31, 2021, 7,478,400 warrants were exercised with a weighted average exercise price of $0.15 and a black scholes value of $372,703.

(iii) On April 27, 2021, the Company announced the closing of a non-brokered private placement financing for gross proceeds of $2,180,000 of which $900,000 was raised from the issuance of 3,600,000 common shares at $0.25 per share and $1,280,000 was raised from the issuance of 3,200,000 flow-through shares at $0.40 per flow-through share. The Company recorded a flow-through premium of $480,000 related to the issuance of the flow-through shares (note 14). The Company incurred broker fees of $182,235 and issued 216,000 broker warrants exercisable at $0.25 for a period of 18 months, and 228,000 broker warrants exercisable at $0.40 for a period of 18 months. The broker warrants were valued at $36,595 and $34,670 respectively using the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - $0.24; risk free interest rate – 0.3%; expected volatility – 173% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.5 years.

(iv) During the year ended December 31, 2022, officers and directors exercised 100,000 stock options with a weighted average exercise price of $0.14 and a black scholes value of $10,170.

(v) During the year ended December 31, 2022, 7,021,125 warrants were exercised with a weighted average exercise price of $0.15 and a black scholes value of $365,307 (note 12(vi)).

(vi) On November 22, 2022, the Company completed its over-subscribed non-brokered private placement of 13,750,000 flow-through units ("FT Unit") at a price of $0.20 per FT Unit and 14,425,000 non-flow-through units ("NFT Units") a price of $0.10 per NFT Unit, for aggregate gross proceeds of $4,192,500. A director of the Company subscribed for 300,000 shares for $30,000. Each unit consists of one common share and one common share purchase warrant, and each warrant is exercisable into one common share at an exercise price of $0.20 per warrant for a period of five years from the date of issuance. The Company paid finder's fees of $109,375 and issued 708,750 non-transferable finder's warrants. Each finder's warrant has the same terms as the warrants but are non-transferable. The warrants and broker warrants were valued at $1,352,865 and $131,015 respectively using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - $0.05; risk free interest rate – 3.26%; expected volatility – 155% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 5 years.

(Expressed in Canadian Dollars)

9. Stock options

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2020	**4,561,000**	**0.21**
Expired	(246,000)	1.53
Granted (i)(ii)(iii)	5,500,000	0.31
Exercised (note 8(b)(i))	(3,050,000)	0.14
Balance, December 31, 2021	**6,765,000**	**0.29**
Expired	(615,000)	0.31
Granted (iv)(v)	3,400,000	0.17
Exercised (note 8(b)(iv))	(100,000)	0.14
Balance, December 31, 2022	**9,450,000**	**0.25**

(i) During the year ended December 31, 2021, the Company granted stock options to a consultant of the Company for the purchase of a total of 800,000 common shares. The options are exercisable for a period of two years at an exercise price of $0.31 per share and with one fourth vesting immediately and one fourth vesting quarterly thereafter. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.31; risk free interest rate – 0.23%; expected volatility – 184% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the year ended December 31, 2022, the Company recorded share based compensation of $8,456 (year ended December 31, 2021 - $191,793) related to the grant in the consolidated statement of loss.

(ii) During the year ended December 31, 2021, the Company granted stock options to directors and officers of the Company for the purchase of a total of 4,450,000 common shares. The options are exercisable for a period of five years at an exercise price of $0.31 per share, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.30; risk free interest rate – 0.73%; expected volatility – 168% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 5 years. During the year ended December 31, 2022, the Company recorded share based compensation of $nil (year ended December 31, 2021 - $1,297,660) related to the grant in the consolidated statement of loss.

(iii) During the year ended December 31, 2021, the Company granted stock options to a consultant of the Company for the purchase of a total of 250,000 common shares. The options are exercisable until November 30, 2022 at an exercise price of $0.21 per share, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.21; risk free interest rate – 0.30%; expected volatility – 167% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.58 years. During the year ended December 31, 2022, the Company recorded share based compensation of $nil (year ended December 31, 2021 - $37,070) related to the grant in the consolidated statement of loss.

(Expressed in Canadian Dollars)

9. Stock options (continued)

(iv) During the year ended December 31, 2022, the Company granted stock options to consultants, directors and officers of the Company for the purchase of a total of 1,600,000 common shares. 800,000 stock options were granted to directors and officers are exercisable for five years, the remaining 800,000 stock options were granted to two consultants which are exercisable for two years. The options have an exercise price of $0.14, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.14; risk free interest rate – 1.28% - 1.65%; expected volatility – 155% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 - 5 years. During the year ended December 31, 2022, the Company recorded share based compensation of $163,415 related to the grant in the consolidated statement of loss.

(v) During the year ended December 31, 2022, the Company granted stock options to consultants, directors and officers of the Company for the purchase of a total of 1,800,000 common shares. 450,000 stock options were granted to directors and officers are exercisable for five years, the remaining 1,350,000 stock options were granted to consultants which are exercisable for two years. The options have an exercise price of $.0195-$0.20, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.195-$0.20; risk free interest rate – 3.18%-3.92% - expected volatility – 129.9%-155.3% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 - 5 years. During the year ended December 31, 2022, the Company recorded share based compensation of $224,735 related to the grant in the consolidated statement of loss.

The following table reflects the stock options issued and outstanding as of December 31, 2022:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 24, 2023	0.31	0.15	800,000	800,000
February 1, 2024	0.14	1.09	700,000	700,000
November 23, 2024	0.195	1.90	750,000	750,000
November 28, 2024	0.20	1.91	600,000	600,000
November 28, 2027	0.20	4.91	450,000	450,000
October 9, 2025	0.14	2.78	900,000	900,000
February 24, 2026	0.31	3.15	4,450,000	4,450,000
February 1, 2027	0.14	4.09	800,000	800,000
	0.25	**2.69**	**9,450,000**	**9,450,000**

10. Warrants

The following table reflects the continuity of warrants for the years presented:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2020	**26,342,906**	**0.20**
Granted (note 8(b)(iii))	444,000	0.33
Expired	(696,720)	0.10
Exercised (note 8(b)(ii))	(7,478,400)	0.15
Balance, December 31, 2021	**18,611,786**	**0.23**
Granted (note 8(b)(vi))	28,883,750	0.20
Expired	(6,523,361)	0.15
Exercised (note 8(b)(v))	(7,021,125)	0.15
Balance, December 31, 2022	**33,951,050**	**0.24**

(Expressed in Canadian Dollars)

10. Warrants (continued)

The following table reflects the warrants issued as of December 31, 2022:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Warrants Outstanding	Grant date Fair Value ($)
June 8, 2023	0.45	0.44	1,682,334	241,761
June 8, 2023	0.45	0.44	3,384,966	486,439
November 22, 2027	0.20	4.90	28,883,750	1,483,880
	0.24	**4.23**	**33,951,050**	**2,212,080**

11. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $4,245,155 (year ended December 31, 2021 - $10,309,475) and the weighted average number of common shares outstanding of 92,476,021 (year ended December 31, 2021 - 75,146,431). Diluted loss per share did not include the effect of 9,450,000 options outstanding (December 31, 2021 - 6,765,000 options outstanding) or the effect of 33,951,050 warrants outstanding (year ended December 31, 2021 - 18,611,786 warrants outstanding) as they are anti-dilutive.

12. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at December 31, 2022, the directors and/or officers of the Company collectively control 11,966,249 (December 31, 2021 - 3,891,429) common shares of the Company or approximately 10.0% (December 31, 2021 - 4.6%) of the total common shares outstanding and two insiders of the Company control 15,702,560 (December 31, 2021 - 15,702,560) common shares of the Company or approximately 13% (December 31, 2021 - 19%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Administration expense	(i)(iii)(iv)	**$ 350,000**	$ 359,450
Accounting expense	(ii)	**$ 43,601**	$ 48,429

(i) For the year ended December 31, 2022, the Company incurred consulting fees from companies controlled by an officer and a director of $225,000 (December 31, 2021 - $225,000) recorded in administration fees.

(ii) For the year ended December 31, 2022, the Company incurred accounting expenses from companies related to an officer of $43,601 (December 31, 2021 - $48,429) recorded in professional fees.

(iii) For the year ended December 31, 2022, the Company incurred directors fees of $125,000 (year ended December 31, 2021 - $125,000) recorded in administration fees.

(Expressed in Canadian Dollars)

12. Related party balances and transactions (continued)

(a) The Company entered into the following transactions with related parties: (continued)

(iv) For the year ended December 31, 2022, the Company incurred consulting fees from a director of $nil (year ended December 31, 2021 - $9,450) recorded in administration fees.

(v) For the year ended December 31, 2022, the Company incurred consulting fees of $225,000, to a company controlled by a family member of an officer and director of the Company recorded in investor relation fees.

(vi) For the year ended December 31, 2022, a company controlled by the family member also exercised 1,500,000 warrants for proceeds of $225,000.

(vii) As at December 31, 2022, the Company has $181,003 outstanding to an officer and director. As at December 31, 2021, the Company has $54,471 outstanding from an officer and director. This amount is unsecured, non-interest bearing and due on demand.

(viii) As at December 31, 2022, included in accounts payable and accrued liabilities is $113,822 (December 31, 2021 - $126,596) due to directors and key management, these amounts are unsecured, non-interest bearing, and due on demand.

(ix) As at December 31, 2022, the Company has a balance outstanding to shareholders of $7,000 (December 31, 2021 - $7,000). This amount is unsecured, due on demand, and non-interest bearing.

(x) During the year ended December 31, 2022, the Company repaid advances to shareholders of $nil (year ended December 31, 2021 - $39,084).

(xi) See note 9, and 14.

Payments to directors and key management personnel of the Company include certain transactions with related parties in above, noted transactions are in the normal course of business and approved by the Board of Directors.

13. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Chile. Geographical segmentation of the Company's non-current assets is as follows:

December 31, 2022	**Canada**	**Chile**	**Total**
Equipment	$ -	$ 9,019	**$ 9,019**

December 31, 2021	**Canada**	**Chile**	**Total**
Equipment	$ -	$ 12,883	**$ 12,883**

(Expressed in Canadian Dollars)

13. Segmented information (continued)

Year ended December 31, 2022	**Canada**	**Chile**	**Total**
Operating expenses			
Administration fees	$ 336,612	$ -	**$ 336,612**
Amortization	-	3,864	**3,864**
Accretion, bank and interest fees	119,438	646	**120,084**
Exploration expenditures	1,771,091	191,445	**1,962,536**
Foreign exchange loss (gain)	(13,516)	(17,250)	**(30,766)**
Investor relations	1,467,170	-	**1,467,170**
Office and miscellaneous	28,585	49,412	**77,997**
Professional fees	153,807	12,189	**165,996**
Share-based payments	396,606	-	**396,606**
Transfer and regulatory	96,242	-	**96,242**
Travel, promotion and mining shows	49,634	-	**49,634**
Total expenses before other items	(4,405,669)	(240,306)	**(4,645,975)**
Other items			
Flow-through liability amortization	396,330	-	**(396,330)**
Sale of equipment	-	4,490	**4,490**
Net loss and comprehensive loss for the year	$ (4,009,339)	$ (235,816)	**$ (5,037,815)**

Year ended December 31, 2021	**Canada**	**Chile**	**Total**
Operating expenses			
Administration fees	$ 359,450	$ -	**$ 359,450**
Amortization	-	5,520	**5,520**
Accretion, bank and interest fees (note 6)	120,572	727	**121,299**
Exploration expenditures (note 5)	7,556,328	231,011	**7,787,339**
Foreign exchange loss (gain)	(3,677)	(97,203)	**(100,880)**
Investor relations	434,950	-	**434,950**
Office and miscellaneous	41,698	30,433	**72,131**
Professional fees (note 12)	171,874	26,926	**198,800**
Share-based payments	1,526,523	-	**1,526,523**
Transfer and regulatory	64,169	-	**64,169**
Travel, promotion and mining shows	98,208	-	**98,208**
Part XII.6 tax interest and penalty	2,244	-	**2,244**
Total expenses before other items	(10,372,339)	(197,414)	**(10,569,753)**
Other items			
Flow-through liability amortization	260,278	-	**260,278**
Net loss and comprehensive loss for the year	$ (10,112,061)	$ (197,414)	**$ (10,309,475)**

14. Commitments and contingencies

Consulting

The Company has entered into consulting agreements a Director, companies controlled by Directors of the Company, and a corporation controlled by a person related to an Officer and Director of the Company. The obligation under these agreements amounts to $575,000 per year.

14. Commitments and contingencies (continued)

Flow-through

The Company is obligated to spend $2,750,000 by December 31, 2023 relating to flow through private placement which closed on November 22, 2022. During the year ended December 31, 2022, the Company has spent $353,288 as part of the flow-through funding agreement. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company does not have sufficient working capital to cover its flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company has not fully met all of its expenditure commitments for previous flow-through financings. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these consolidated financial statements related to this contingency as various triggering events have not taken place.

The Company has estimated potential Part XII.6 taxes in relation to unspent flow-through expenditures for fiscal 2018-2019. As at December 31, 2022, the Company accrued $32,163 (December 31, 2021 - $32,163) for Part XII.6 taxes interest and penalties.

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

Property taxes

As at December 31, 2022, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 509,623,592 Chilean Pesos ($815,398) (December 31, 2021 - 456,522,337 Chilean Pesos ($677,333)) which has been included in accounts payable and accrued liabilities as at December 31, 2022. In the event that the claims are put up for tax auction, the Company expects to have a notice period to make the payment for the portion of this amount required (note 1). The property tax commitment for 2023 fiscal year is 80,880,330 Chilean Pesos ($129,409).

(Expressed in Canadian Dollars)

15. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2022 and December 31, 2021 is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Net loss before income taxes	**$ (4,245,155)**	$ (10,569,753)
Combined federal and provincial statutory income tax rate	**26.50 %**	26.50 %
Expected income tax recovery	**$ (1,125,000)**	$ (2,801,000)
Permanent differences	**105,000**	405,000
Change in tax benefits not recognized	**1,020,000**	2,396,000
Income tax expense (recovery)	**$ -**	$ -

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2022	As at December 31, 2021
Non-capital losses carried forward	**$ 73,853,000**	$ 78,030,000
Capital losses carried forward	**341,000**	341,000
Finance costs and other	**448,000**	193,000
Mineral exploration properties and equipment	**10,817,000**	17,089,000
	$ 85,459,000	$ 95,653,000

The Company has approximately $53,000,000 of Chilean non-capital losses that carry forward indefinitely. The Company also has Canadian non-capital losses of approximately $20,853,000 expiring as follows:

	Canada
2026	$ 974,000
2027	1,192,000
2028	882,000
2029	725,000
2030	1,265,000
2031	1,648,000
2032	1,253,000
2033	1,970,000
2034	1,263,000
2035	449,000
2036	995,000
2037	1,095,000
2038	1,270,000
2039	806,000
2040	1,110,000
2041	1,133,000
2042	2,823,000
	$ 20,853,000

(Expressed in Canadian Dollars)

15. Income taxes (continued)

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

16. Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares and alternative financing activities dependent on market conditions.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2022 and 2021, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

The Company includes the components of shareholders’ equity in its management of capital.

As at December 31, 2022 and 2021, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain loans or issue debenture securities to raise cash.

The Company’s investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

17. Financial instruments and risk

Fair value

The Company’s financial instruments consist of cash, amounts receivable, advances from shareholders, accounts payable and accrued liabilities, advances from/to related party, other liabilities, and debenture payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and current market rates for similar financial instruments.

The following table summarizes the carrying values of the Company’s financial instruments:

	As at December 31, 2022	**As at December 31, 2021**
	$	**$**
Assets:		
Amortized cost		
Cash	**1,275,104**	1,176,687
Amounts receivable	**268,879**	102,688
Due from related parties	**-**	54,471

(Expressed in Canadian Dollars)

17. Financial instruments and risk (continued)

Fair value (continued)

The following table summarizes the carrying values of the Company's financial instruments: (continued)

	As at December 31, 2022	**As at December 31, 2021**
	$	**$**
Liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	**1,331,063**	1,105,148
Advances from related party	**181,003**	-
Advances from shareholders	**7,000**	7,000
Debentures payable	**-**	703,363
Other liabilities	**55,464**	55,464

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below:

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities,
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2022 and 2021, the Company did not have any assets measured at fair value and that require classification within the fair value hierarchy.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places cash with financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2022, the Company had cash, amounts receivable, and amounts due from related parties of $1,543,983 (December 31, 2021 - $1,333,846) to settle current liabilities of $2,717,458 (December 31, 2021 - $2,035,233). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms, except for the debentures payable. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity and the Company's ability to continue as a going concern.

17. Financial instruments and risk (continued)

The following are the undiscounted amounts and contractual maturities of the Company's financial liabilities as at December 31, 2022:

		<1 year		1-2 years		>2 years
Accounts payable and accrued liabilities	$	1,331,063	$	-	$	-
Due to related parties		181,003		-		-
Advances from shareholders		7,000		-		-
Other liabilities		-		-		55,464
Total	**$**	**1,519,066**	**$**	**-**	**$**	**55,464**

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Chile. A significant change in the currency exchange rates between the Canadian dollar relative to the Chilean peso could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. The sensitivity of the Company's net loss and comprehensive loss to changes in the exchange rate between the Canadian dollar and the Chilean peso resulting from a 1% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $573 (December 31, 2021 - $635).

The Company is also exposed to the currency risk related to the fluctuation of US Dollar as some of the Company's expenses are denominated in US Dollars. As at December 31, 2022, currency risk for the US Dollar was not significant.

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. The Company is not exposed to interest rate risk because it does not have loans that have a floating interest rate.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold and copper. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

18. Subsequent events

On February 15, 2023, the Company granted stock options to consultants of the Company for the purchase of a total of 250,000 common shares. The options have an exercise price of $0.34, and vest immediately.

On March 12, 2023 the Company announced a proposed private placement of up to 10,000,000 flow-through units of the Company, at a price of $0.50 per unit, for aggregate gross proceeds of up to $5,000,000. Each unit will be composed of one common share of the Company that qualifies as a flow-through share, for purposes of the Income Tax Act (Canada), and one-half of one transferable non-flow-through common share purchase warrant. Each warrant will be exercisable into one non-flow-through common share at exercise price of $0.50 per share for a period of five years from the date of issuance. All securities issued under the Private Placement will be subject to a four-month and one-day statutory hold period.

18. Subsequent events (continued)

The warrants will be subject to an acceleration clause which entitles the Company to provide notice (the "Acceleration Notice") to holders that the warrants will expire 30 days from the date the Company provides the Acceleration Notice. The Company can only provide the Acceleration Notice if the closing price of the Company's Common Shares on the TSX Venture Exchange is equal to or greater than $1.00 for 10 consecutive trading days. The Acceleration Notice can be provided at any time after the statutory hold period and before the expiry date of the Warrants.

On March 31, 2023, the Company announced it closed the 1st tranche of the private placement previously announced on March 13, 2023 for 3,418,000 flow-through units of the Company, at a price of $0.50 per unit, for gross proceeds of $1,709,000.

On April 25, 2023, the Company announced it has closed the second tranche of the private placement previously announced on March 13, 2023 for 5,170,000 FT units of the Company, at a price of $0.50 per FT unit, for gross proceeds of $2,585,000. The Company has received conditional TSX Venture Exchange approval for the Private Placement. There is no assurance that any further tranches will be completed.