

# **LOS ANDES COPPER LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the Three and Six Months Ended March 31, 2022 and 2021**

**(Unaudited - Expressed in Canadian dollars)**

# **LOS ANDES COPPER LTD.**

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2022 \$	September 30, 2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,908,193	8,772,846
Receivables		9,278	7,660
Prepaid expenses and deposits		180,922	190,447
		2,098,393	8,970,953
<b>Non-Current Assets</b>			
Property, plant and equipment	11	173,247	121,650
Unproven mineral right interests	5	83,155,839	73,726,592
Hydro-electric project water rights	5	8,250,000	8,250,000
		91,579,086	82,098,242
<b>Total Assets</b>		93,677,479	91,069,195
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade payables and other liabilities	8	4,175,053	829,576
Lease liability short term	11	40,845	97,208
Interest payable on convertible debenture	6	42,238	42,238
		4,258,136	969,022
<b>Non-Current Liabilities</b>			
Convertible debenture	6	4,252,375	4,181,206
Derivative liability – convertible debenture conversion feature	6	5,219,941	2,103,074
DSU liability	7(f),8	668,211	17,886
Deferred income tax		8,814,616	8,814,616
		18,955,143	15,116,782
<b>Total Liabilities</b>		23,213,279	16,085,804
<b>Shareholders' Equity</b>			
Share capital	7	103,521,740	103,415,432
Reserve	7	7,549,453	7,495,181
Deficit		(32,948,875)	(27,268,254)
Accumulated other comprehensive loss		(7,658,118)	(8,658,968)
<b>Total Equity</b>		70,464,200	74,983,391
<b>Total Liabilities and Shareholders' Equity</b>		93,677,479	91,069,195

Nature of operation and continuance of business (Note 1)  
Subsequent events (Note 12)

Approved by the Board of Directors on May 26, 2022:

*"Frank O'Kelly"*

Director

*"Francisco Covarrubias"*

Director

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

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the three and six months ended March 31, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		2022	March 31 2021	2022	March 31 2021
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting, salaries, management and directors' fees	8	530,005	102,235	909,884	206,117
Depreciation	11	32,137	29,768	62,113	60,273
Interest	6,11	138,624	5,849	269,034	12,766
Accretion	6	201,177	-	405,866	-
Office and administration		142,442	20,191	231,155	35,172
Professional fees	8	109,486	39,384	133,128	79,556
Shareholder communications		253,696	63,050	384,532	125,569
Share-based compensation	7, 8	52,246	5,790	54,272	11,580
Transfer agent, filing and regulatory fees		65,010	36,239	103,203	40,034
		1,524,823	302,506	2,553,187	571,067
<b>Hydro-electric Project</b>					
Professional fees		1,227	290	2,352	1,783
Project supplies and expenses		42	89	53	89
		1,269	379	2,405	1,872
<b>Loss before other items</b>		<b>(1,526,092)</b>	<b>(302,885)</b>	<b>(2,555,592)</b>	<b>(572,939)</b>
<b>Other Items</b>					
Foreign exchange gain (loss)		163,622	(209,883)	200,747	(336,592)
Change in fair value of derivative liability	6	(1,819,995)	-	(3,116,867)	-
Change in fair value of DSU liability	7(f)	(135,124)	-	(208,909)	-
		(1,791,497)	(209,883)	(3,125,029)	(336,592)
<b>Net loss</b>		<b>(3,317,589)</b>	<b>(512,768)</b>	<b>(5,680,621)</b>	<b>(909,531)</b>
<b>Other comprehensive loss</b>					
Items that may be reclassified to profit or loss:					
Current translation adjustment		2,698,787	(635,625)	1,000,850	1,371,376
<b>Total comprehensive income (loss) for the period</b>		<b>(618,802)</b>	<b>(1,148,393)</b>	<b>(4,679,771)</b>	<b>461,845</b>
Loss per share, basic and diluted		(0.12)	(0.02)	(0.21)	(0.03)
Weighted average number of shares outstanding, basic and diluted		27,178,198	27,165,843	27,174,030	27,165,843

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

## LOS ANDES COPPER LTD.

Condensed Interim Consolidated Statements of Changes in Equity  
For the six months ended March 31, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

	Common Shares	Share Capital	Equity reserve <sup>1</sup>	Accumulated other comprehensive income	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, September 30, 2020</b>	<b>27,165,843</b>	<b>103,368,850</b>	<b>7,477,039</b>	<b>(5,832,554)</b>	<b>(25,621,184)</b>	<b>79,392,151</b>
Share-based compensation	-	-	11,580	-	-	11,580
Net loss	-	-	-	-	(909,531)	(909,531)
Current translation adjustment	-	-	-	1,371,376	-	1,371,376
<b>Balance, March 31, 2021</b>	<b>27,165,843</b>	<b>103,368,850</b>	<b>7,488,619</b>	<b>(4,461,178)</b>	<b>(26,530,715)</b>	<b>79,865,576</b>
Shares issued pursuant to interest payment	6,645	46,582	-	-	-	46,582
Share-based compensation	-	-	6,562	-	-	6,562
Net loss	-	-	-	-	(737,539)	(737,539)
Current translation adjustment	-	-	-	(4,197,790)	-	(4,197,790)
<b>Balance, September 30, 2021</b>	<b>27,172,488</b>	<b>103,415,432</b>	<b>7,495,181</b>	<b>(8,658,968)</b>	<b>(27,268,254)</b>	<b>74,983,391</b>
Shares issued pursuant to interest payment	8,027	106,308	-	-	-	106,308
Share-based compensation	-	-	54,272	-	-	54,272
Net loss	-	-	-	-	(5,680,621)	(5,680,621)
Current translation adjustment	-	-	-	1,000,850	-	1,000,850
<b>Balance, March 31, 2022</b>	<b>27,180,515</b>	<b>103,521,740</b>	<b>7,549,453</b>	<b>(7,658,118)</b>	<b>(32,948,875)</b>	<b>70,464,200</b>

<sup>1</sup> Reserve consists of fair values of stock options and finder's warrants

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

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Cash Flows  
For the six months ended March 31, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	(5,680,621)	(909,531)
Items not affecting cash:		
Accretion	405,866	-
Depreciation	62,113	60,273
Change in fair value of derivative liability	3,116,867	-
Change in fair value of DSU liability	208,909	-
Interest expense	269,034	-
Share-based compensation	54,272	11,580
Changes in non-cash working capital items:		
DSU liability	441,416	-
Prepaid expenses and deposits	9,525	(14,181)
Receivables	(1,618)	2,266,131
Trade payables and other liabilities	120,949	(381,717)
<b>Net cash used in operating activities</b>	<b>(993,288)</b>	<b>1,032,555</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(109,322)	(2,544)
Unproven mineral right interests	(4,589,396)	(1,860,234)
Royalty purchase agreements	(848,632)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(5,547,350)</b>	<b>(1,862,778)</b>
<b>Financing activities</b>		
Repayment of lease liability	(56,094)	(56,948)
Interest on convertible debenture - cash	(158,227)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(214,321)</b>	<b>(56,948)</b>
<b>Change in cash for the period</b>	<b>(6,754,959)</b>	<b>(887,171)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(109,694)</b>	<b>186,626</b>
<b>Cash, beginning of period</b>	<b>8,772,846</b>	<b>3,992,856</b>
<b>Cash, end of period</b>	<b>1,908,193</b>	<b>3,292,311</b>

See Note 10 for supplemental cash flow information.

## **LOS ANDES COPPER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

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### **1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS**

Los Andes Copper Ltd. ("Los Andes") is involved in the acquisition, exploration and development of advanced copper deposits in Latin America, including holding a 100% interest in the Vizcachitas copper project in Chile.

Los Andes was incorporated under the Business Corporations Act (British Columbia) in 1983 and is listed on the TSX Venture Exchange ("TSX-V") under the symbol "LA". Its principal office is located at Suite 880-580 Hornby Street, Vancouver, B.C. V6C 3B6, Canada.

These condensed interim consolidated financial statements include the accounts of Los Andes and of its controlled subsidiaries (collectively, the "Company"): Vizcachitas Limited, Compañía Minera Vizcachitas Holding ("CMVH"), Sociedad Legal Minera San José Uno de Lo Vicuña El Tártaro y Piguchén de Putaendo ("San José SLM"), Gemma Properties Group Limited, Inversiones Los Patos S.A, DK Corporation, Rocín SPA, Hidroeléctrica de Pasada Rio Rocín SPA and Sociedad Los Juncos de la Unión SPA.

At the date of these condensed interim consolidated financial statements the Company has not yet determined whether any of its mineral right interests contain mineral reserves that are economically recoverable. Accordingly, the carrying amount of its mineral right interests represents the cumulative acquisition costs and exploration expenditures incurred to date, which does not necessarily reflect present or future values. The recovery of these costs is dependent on the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to undertake continuing exploration and development, and to resolve any environmental, regulatory or other constraints.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Notwithstanding the above, the Company's business activities are in the development stage, the Company has a history of recurring losses and no source of revenue or operating cash flow. Operations in recent years have been funded from the issuance of share capital and cash on hand.

Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to continue to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's assets could be subject to material adjustments.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 26, 2022 and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended September 30, 2021.

These condensed interim consolidated financial statements have been prepared on an accrued basis and are based on the historical cost basis and modified where applicable.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual consolidated financial statements and notes for the year ended September 30, 2021.

### **4. THE VIZCACHITAS PROPERTY**

In 2007, the Company acquired all of the issued and outstanding shares of Vizcachitas Limited which, at the time, owned a majority of the claims making up the Vizcachitas Property. Vizcachitas Limited owned 51% of the shares of San José SLM which owned the San José mining concessions (the "SJ Concession") and an additional 35 mining rights and concessions (the "Initial Properties") that comprised part of the Vizcachitas Property. In 2010, the Company completed the consolidation of the Vizcachitas Property through the acquisition from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited ("Gemma"), who indirectly owned 49% of the issued and outstanding shares of the San Jose SLM. With this transaction, the entire resource contained in the Vizcachitas Property came under unified ownership.

At March 31, 2022, the Company owns 52 exploitation mining concessions covering 10,771 hectares and 159 exploration claims covering a combined total of 44,200 hectares (including the Initial Properties) and is obligated to Net Smelter Returns ("NSR") royalty payments calculated on the basis of a production royalty from minerals produced at the Initial Properties of 2% on any surface production and 1% on any underground production.

In 2014, TBC and Turnbrook Mining Limited ("TBML") entered into a subscription agreement whereby TBC subscribed for common shares in the capital of TBML for consideration consisting of all of the common shares in the capital of the Company owned by TBC at that date (Note 5). As at March 31, 2022, TBML owns a total of 14,373,614 or approximately 52.9% of the common shares of the Company. TBC is the controlling shareholder of TBML, and TBC no longer has direct ownership of any of the Company's common shares.

#### Royalty Purchase Agreement

On December 3, 2019, the Company entered into a Royalty Purchase Agreement (the "RPA") and a Net Smelter Returns Royalty Agreement (the "RA") with RCF VI CAD LLC ("RCF"), a limited liability corporation in the State of Delaware. Pursuant to the Agreements, the Company received US\$8 million as consideration for future payments calculated on the basis of a production royalty ("Royalty") from minerals produced from the SJ Concession that forms part of the Company's Vizcachitas Property. The purchase price was received as follows:

- US\$500,000 (\$658,475) on December 13, 2019;



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### Notes to the Condensed Interim Consolidated Financial Statements

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- US\$1,000,000 (\$1,168,590) on January 7, 2020;
- US\$1,625,000 (\$2,303,991) on March 30, 2020;
- US\$812,500 (\$1,103,757) on June 30, 2020;
- US\$812,500 (\$1,089,791) on July 31, 2020;
- US\$1,625,000 (\$2,158,895) on September 30, 2020; and
- US\$1,625,000 (\$2,238,125) on December 31, 2020.

The proceeds of \$10,721,624 net of \$80,024 in finder's fees and \$277,387 in transaction expenses reimbursed to RCF have been accounted for as a recovery of costs incurred on the Vizcachitas Property. During the year ended September 31, 2021, the Company recorded a recovery of transaction costs totalling \$31,948, which has been included as a recovery of costs in that year (Note 5).

The Company will use the proceeds as described in the RPA budget, which includes the advancement of the pre-feasibility study and the baseline for the environmental approval package of the Vizcachitas Property. No material change can be made to the use of proceeds without the prior written consent of RCF.

As long as RCF (or its associates or affiliates) holds all or any part of the Royalty, or holds, directly or indirectly (including through TBML), common shares or securities convertible into common shares representing not less than 10% of the Company's issued and outstanding common shares (on a partially diluted basis), RCF has a right of first offer to provide future royalty or stream financing in relation to new claims that may subsequently form part of the Vizcachitas Property or in respect of claims currently forming part of the Vizcachitas Property where the Company or any of its affiliates has bought back all or part of a currently existing royalty, subject to the terms as described.

Pursuant to the RA, the Company will make payments to RCF on the basis of an NSR of 0.49% for underground production and 0.98% for open pit production on the SJ Concession. Following this transaction, the overall NSR level of the Initial Properties, including the SJ Concession, covering the mineral resources of the Vizcachitas Property is 2% for open pit mining methods and 1% for underground mining methods.

The obligations of the Company under the RA are guaranteed by the Company's subsidiary Sociedad Legal Minera San Jose Uno De Lo Vicuna, El Tartaro Y Piguchen De Putaendo (the "Guarantor"), with the guarantee being secured by a mortgage and charge over and against mining rights and mineral properties (as defined) and any related proceeds, governed by the laws of Chile and granted by the Guarantor in favour of RCF, subject to existing obligations of the Company and the Guarantor.

#### Existing Royalty Purchase Agreement

On May 15, 2020, the Company entered into a Contract of Promise of Sale (the "Existing Royalty Purchase Agreement" or "ERPA") with a group of individuals in Chile to purchase the existing royalty applied to the sale of all locatable minerals produced from certain concessions that form part of the Initial Properties for a purchase price ranging from US\$6,800,000 to US\$7,600,000. The purchase price is payable as follows:

- US\$1,000,000 (\$1,363,360) paid on May 15, 2020; and at the option of the Company:
  - US\$5,800,000 by May 15, 2021 for a purchase price of US\$6,800,000; or
  - US\$2,500,000 (\$3,118,926 paid on April 23, 2021) by May 15, 2021 and US\$3,600,000 (\$4,526,315 paid subsequently on April 18, 2022) by May 15, 2022 for a total purchase price of US\$7,100,000 (CAD - \$7,645,241)

#### Second Royalty Purchase Agreement

On June 25, 2020, the Company entered into a Royalty Purchase Agreement ("RPA 2") with RCF and Vizcachitas Limited ("VL") and VL entered into a Net Smelter Returns Royalty Agreement ("RA 2") with RCF. Pursuant to RPA 2, the Company will receive US\$9,000,000 as consideration for future payments calculated on the basis of a royalty of 2.00% NSR for open pit operations and a 1.00% NSR for underground operations

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### Notes to the Condensed Interim Consolidated Financial Statements

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from minerals produced from certain concessions that form part of the Initial Properties ("Royalty 2"). The Company can receive up to an additional US\$5 million in the event that RCF sells Royalty 2 prior to commencement of commercial production of the Vizcachitas Property. The purchase price is receivable as follows:

- US\$1,000,000 (\$1,363,360) received on June 25, 2020;
- US\$4,000,000 (\$4,990,282 received on April 23, 2021) on or before the 15<sup>th</sup> business day prior to the first anniversary of the ERPA; and
- US\$4,000,000 (\$5,029,239 received subsequently on April 18, 2022) on or before the 15<sup>th</sup> business day prior to the second anniversary of the ERPA.

The Company received US\$4,000,000 pursuant to the RPA 2 with RCF and paid US\$2,500,000 pursuant to the ERPA for a net receipt of US\$1,500,000 (\$1,871,356) on April 23, 2021.

The Company received US\$4,000,000 pursuant to the RPA 2 with RCF and paid US\$3,600,000 pursuant to the ERPA for a net receipt of US\$400,000 (\$502,927) on April 18, 2022.

In the event of an RCF sale prior to the commencement of commercial production of the Vizcachitas Project by VL or an affiliate, RCF will pay a contingent royalty purchase price as follows:

- if the resale price is equal to or less than US\$9 million – US \$Nil; or
- if the resale price is greater than US\$9 million – the resale price less US\$9 million plus a 10% annual return on each purchase price payment, accruing from the date of payment.

Provided that the amount paid will not exceed US\$5 million and no amount is payable if the RCF resale follows the commencement of commercial production.

The Company will use the resale proceeds to make the payments required to complete the purchase of the royalty pursuant to the ERPA. Any excess proceeds from the US\$9 million purchase price will go towards the development of the mineral properties (as defined) in consultation with RCF. No material change can be made to the use of proceeds without the prior written consent of RCF.

The Company will cancel the royalty in the ERPA within 60 days following the date the royalty is fully or partially repurchased pursuant to the ERPA, and Royalty 2 will be the only existing royalty over the mineral properties.

The right of first offer to provide future royalty or stream financing as described in the RPA above applies to RPA 2.

Pursuant to RA 2, VL will make payments to RCF on the basis of an NSR of 1% from the sale or other disposition of all locatable minerals produced from the properties by underground production and 2% from surface production. VL is not required to pay the royalty until such time as the amount otherwise payable under the royalty exceeds the positive difference, if any, between US\$5 million and any contingent royalty price paid by RCF.

If the mining operations of the Company and its affiliates commence in, or predominantly shift to, a different area of the project than that identified in the June 13, 2019 Preliminary Economic Assessment of the Vizcachitas Project, RCF has the option to:

- sell Royalty 2 to VL for an amount equal to four times the US\$9 million purchase price less the aggregate amount of royalty payments received by RCF as of the date of the change of production focus; or
- if RCF has not yet received US\$36 million, swap Royalty 2 for a new royalty consistent with the terms of RPA 2 over the newly proposed development areas at a valuation equal to the valuation of Royalty 2 (having regard to royalty payments made to such date).

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The obligations of VL under RA 2 are guaranteed by the Company and its subsidiary, CMVH (the "Guarantors"), with the guarantee being secured by a mortgage and charge over and against mining rights and mineral properties (as defined) and any related proceeds, governed by the laws of Chile and granted by CMVH in favour of RCF, subject to existing obligations of the Company and the Guarantor.

On April 28, 2022, the Company announced that it has been advised that RCF has entered into a definitive agreement (the "Definitive Agreement") to sell (the "Proposed Sale") the 2% NSR royalty on the Company's Vizcachitas Copper Project (the "Royalty") owned by RCF pursuant to that certain Royalty Purchase Agreement dated May 27, 2020 (the "Royalty Purchase Agreement"). If the Proposed Sale is consummated, then RCF will owe the Company a contingent purchase price payment of US\$5,000,000 pursuant to the terms of the Royalty Purchase Agreement.

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(Unaudited - Expressed in Canadian dollars)

**5. UNPROVEN MINERAL RIGHT INTERESTS / HYDRO-ELECTRIC PROJECT WATER RIGHTS**

The Company has the right to certain exploration concessions and exploitation concessions located in Region V, Chile. Title to mining right interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining right interests. The Company has investigated title to all of its mineral right interests, and to the best of its knowledge, all of its mineral right interests are in good standing.

	Total costs to September 30, 2020 \$	Costs incurred (recovered) in year ended September 30, 2021 \$	Total costs to September 30, 2021 \$	Costs incurred (recovered) in period ended March 31, 2022 \$	Total costs to March 31, 2022 \$
<b>VIZCACHITAS</b>					
Acquisition costs	54,562,243	-	54,562,243	-	54,562,243
Water rights	5,945,768	-	5,945,768	-	5,945,768
VAT tax credits	2,589,407	196,097	2,785,504	848,632	3,634,136
Deferred exploration					
Automobile and travel	624,997	65,296	690,293	3,186	693,479
Assaying	706,487	18,875	725,362	-	725,362
Camp rehabilitation, maintenance and security	3,058,903	467,452	3,526,355	132,677	3,659,032
Core handling and storage	32,914	-	32,914	-	32,914
Drilling	5,374,998	63,104	5,438,102	5,727,018	11,165,120
Equipment and equipment rental	642,170	2,373	644,543	595	645,138
Exploration administration	6,284,957	1,702,655	7,987,612	1,245,959	9,233,571
Food and accommodation	384,038	1,041	385,079	-	385,079
Geological consulting (Note 8)	2,377,327	167,694	2,545,021	56,835	2,601,856
Other	178,535	38,071	216,606	8,146	224,752
Property & surface rights, taxes & tenure fees	1,863,103	252,295	2,115,398	215,795	2,331,193
Road repairs	47,556	-	47,556	-	47,556
Studies and other consulting	4,597,236	867,537	5,464,773	236,796	5,701,569
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	846,342	64,338	910,680	-	910,680
Sustainable development	29,501	103,096	132,597	120,514	253,111
Warehouse Maintenance	-	-	-	66,403	66,403
<b>Total deferred exploration</b>	<b>28,318,430</b>	<b>3,813,827</b>	<b>32,132,257</b>	<b>7,813,924</b>	<b>39,946,181</b>
Royalty purchase agreements (Note 4)	(10,364,213)	(1,903,304)	(12,267,517)	-	(12,267,517)
Exchange rate differences	(6,246,910)	(3,184,753)	(9,431,663)	766,691	(8,664,972)
	<b>74,804,725</b>	<b>(1,078,133)</b>	<b>73,726,592</b>	<b>9,429,247</b>	<b>83,155,839</b>

Included within unproven mineral right interests are:

- a) Water rights to a permanent, continuous and consumptive use of 500 liters per second ("lps") flow from the Aconcagua River, located near the Vizcachitas Property;
- b) VAT tax credits available in Chile, originating from deferred exploration expenses; and
- c) The Rocin River Hydroelectric Project.

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In 2014, the Company acquired from TBML non-consumptive water rights over a section of the Rocin River, Putaendo, Region V, Chile, together with the engineering and other studies and reports for the development of a hydroelectric facility (the "Hydroelectric Facility"). Consideration for the acquisition consisted of 3,750,000, Los Andes shares, valued at a price of \$2.20 per share, for total consideration of \$8,250,000.

### 6. CONVERTIBLE DEBENTURE

On June 1, 2021 (the "Closing Date"), the Company entered into an agreement with Queen's Road Capital Investment Ltd. ("QRC"), whereby QRC invested US\$5,000,000 in the Company by way of convertible debenture (the "Convertible Debenture"). The Convertible Debenture has a five-year term, carries an eight percent coupon and is convertible into common shares in the capital of the Company at a price of \$10.82 per share (the "Conversion Price"). The interest is payable quarterly, five percent in cash and three percent in shares, at the VWAP prior to the interest payment date. Interest expense of \$264,535 (US\$200,000) was recognized during the six months ended March 31, 2022.

The Convertible Debenture matures on June 1, 2026. On or after the third anniversary of the Closing Date and prior to the maturity date, the Company may force conversion of the Convertible Debenture, in whole or in part, at par plus accrued interest provided that the VWAP of the Common Shares on the TSXV exceeds 130% of the Conversion Price.

As the Convertible Debenture and the embedded conversion feature are denominated in US dollars and the Company has a Canadian dollar functional currency, they are within the scope of IAS 32 – Financial Instruments: Presentation. The value of the conversion feature is subject to changes in value based on the prevailing market price, resulting in a derivative liability. On initial measurement the Company fair valued the derivative liability at \$1,991,001 using the Black-Scholes option pricing model, using volatility of 68% and a risk-free interest rate of 0.78%. Transaction costs of \$333,877 were incurred for the Convertible Debenture and will be amortized over the life of the Convertible Debenture. The derivative liability is fair valued at each reporting period. On initial measurement the liability component of the Convertible Debenture was fair valued at \$4,060,499 and will be amortized to maturity using an effective interest rate of 20.33%.

The net change in the Convertible Debenture and the derivative liability balances for the six months ended March 31, 2022, and the year ended September 30, 2021, were as follows:

	Convertible debenture \$	Derivative liability \$	Total \$
<b>Balance, September 30, 2020</b>	-	-	-
Additions	4,060,499	1,991,001	6,051,500
Transaction costs	(224,028)	(109,849)	(333,877)
Change in fair value	-	221,922	221,922
Interest and accretion	267,854	-	267,854
FX	76,881	-	76,881
<b>Balance, September 30, 2021</b>	<b>4,181,206</b>	<b>2,103,074</b>	<b>6,284,280</b>
Change in fair value	-	3,116,867	3,116,867
Interest and accretion	405,866	-	405,866
FX	(334,697)	-	(334,697)
<b>Balance, March 31, 2022</b>	<b>4,252,375</b>	<b>5,219,941</b>	<b>9,472,316</b>

See Note 10 for supplemental cash flow information.

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### 7. EQUITY

#### a) Authorized

Unlimited number of common shares without par value.

#### b) Financings

During the six months ended March 31, 2022, the Company issued 8,027 common shares pursuant to the second and third interest payments on the convertible debenture (Note 6).

There were no share transactions during the six months ended March 31, 2021.

#### c) Equity Reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based compensation and share purchase warrants issued on acquisitions of unproven mineral rights.

#### d) Share purchase options

The balance of share purchase options outstanding and exercisable as at March 31, 2022, and September 30, 2021 and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price \$	Weighted Average Life Remaining (years)
<b>Balance, September 30, 2020</b>	<b>159,500</b>	<b>5.00</b>	<b>3.69</b>
<b>Balance, September 30, 2021</b>	<b>159,500</b>	<b>5.00</b>	<b>2.69</b>
Granted	10,000	10.00	
<b>Balance, March 31, 2022</b>	<b>169,500</b>	<b>5.29</b>	<b>2.33</b>
Unvested	(18,500)	5.00	2.60
<b>Vested and exercisable</b>	<b>151,000</b>	<b>5.00</b>	<b>2.14</b>

The Company recorded share-based compensation expense of \$54,272 during the six months ended March 31, 2022 (2021: \$11,580) related to the vesting of previously granted options and the granting of 10,000 options to the CEO of the Company. The options have an exercise of \$10.00 and expire on October 26, 2026, and were fair valued at \$50,221 using the Black-Scholes option pricing model using the following assumptions: risk free rate – 1.33%, forfeiture rate – nil, volatility – 145%.

The options outstanding as at March 31, 2022, are as follows:

Outstanding #	Exercisable #	Exercise Price \$	Expiry Date
50,000	50,000	5.00	July 6, 2023
72,500	60,000	5.00	May 31, 2024
37,000	31,000	5.00	September 24, 2025
10,000	10,000	10.00	October 27, 2026
<b>169,500</b>	<b>151,000</b>	<b>5.29</b>	

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### e) Warrants

As at March 31, 2022, the Company has 1,340,000 (September 30, 2021: 1,340,000) warrants outstanding and exercisable. The warrants have a weighted average exercise price of \$5.00. The warrants outstanding at March 31, 2022, are as follows:

<b>Warrants #</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
393,500	5.00	May 7, 2023
946,500	5.00	June 7, 2023
<b>1,340,000</b>	<b>5.00</b>	

### f) Deferred share units

On May 27, 2021, the Company adopted a DSU plan as an alternative form of compensation for employees, officers, consultants and directors of the Company. Each DSU is comprised of one notional common share that entitles the participant, on termination of services, to receive, at the discretion of the Company, common shares of the Company up to the number of DSUs held or the cash equivalent. In the event the Company decides to settle all or a portion of the DSUs outstanding in cash, the total DSUs owing will be multiplied by the fair market value of one common share of the Company. The fair market value will be determined as the VWAP of the Company's common shares on the valuation date. The maximum number of common shares that are issuable under the DSU plan is 500,000.

As the DSU can be settled in cash or shares, at the discretion of the Company, the liability associated with each DSU grant is recorded as a liability and fair valued at each reporting period.

During the six months ended March 31, 2022, the Company granted 67,771 DSUs to directors and officers of the Company and as at March 31, 2022, 26,353 DSUs were fully vested. The change in DSUs for the six months ended March 31, 2022, and the year ended September 30, 2021 is as follows:

<b>Balance, September 30, 2020</b>	-
Granted	2,509
<b>Balance, September 30, 2021</b>	<b>2,509</b>
Granted	67,771
<b>Balance, March 31, 2022</b>	<b>70,280</b>
Unvested	(29,285)
<b>Vested, March 31, 2022</b>	<b>40,995</b>

On October 27, 2021 (the "Effective Date"), the Company granted R. Michael Jones DSUs with an aggregate value of US\$400,000.

US\$200,000 of DSUs (the "First Tranche DSUs ") will vested in full during the six months ended March 31, 2022 as the Company's share price reached and exceeded \$16.00 for 10 consecutive eligible trading Days occurring before March 27, 2022 (the "First Tranche Vesting Deadline").

US\$200,000 of the remaining DSUs (the "Second Tranche DSUs ") will vest in full once the Company's share price reaches and exceeds \$30.00 for any 10 consecutive eligible trading Days occurring on or before the date which is twelve months from the Effective Date (the "Second Tranche Vesting Deadline").

Any First Tranche DSUs which do not vest as provided above will be cancelled on the First Tranche Vesting Date and any Second Tranche DSUs which do not vest as provided above will be cancelled on the Second Tranche Vesting Deadline.

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During the six months ended March 31, 2022, the Company extended the vesting period of First Tranche DSUs from three months from the Effective Date to four months from the Effective Date. The Second Tranche DSU's vesting period was extended to twelve months from the Effective Date.

Following is a summary of the DSUs outstanding at March 31, 2022:

Grant date	Number of DSUs	Deemed value	Fair Market Value at March 31, 2022
June 1, 2021	1,325	\$9.43	\$16.30
September 1, 2021	1,184	\$7.03	\$16.30
October 1, 2021	5,844	\$7.13	\$16.30
October 27, 2021	29,285	\$8.44	\$16.30
January 1, 2022	3,357	\$11.17	\$16.30

As at March 31, 2022, the Company had a total of \$668,211 in DSU liabilities. See Note 8.

### g) Restricted share units and Performance shares

On February 14, 2022, the Company appointed Santiago Montt as Chief Operating Officer of the Company. The Company will grant Mr. Montt Restricted Share Units ("RSUs") once the Company implements an RSU Plan. Until such time, the Company will issue Mr. Montt 29,312 common shares, referred to as Y1 Performance Shares, in escrow, to be released over the first year of his employment. An additional 34,004 common shares, referred to as Y2 Performance Shares will then be issued to him and placed in escrow to be released over the second year of his employment if certain performance targets are met.

## 8. RELATED PARTY TRANSACTIONS

The Company's related parties consist of companies controlled by a Company director, the Company's President and Chief Executive Officer ("CEO"), and the Company's current Chief Financial Officer ("CFO").

	Nature of Transaction
Sociedad Cartografica Limitada	Geological Consulting
Kasheema International Ltd.	Management
Malaspina Consultants Inc.	Accounting

The Company incurred the following fees and salaries during the period in the normal course of operations with companies controlled by key management, including the Company's Chief Executive Officer, Chief Financial Officer, and/or directors. Transactions have been measured at the exchange amount, which is the consideration determined and agreed to by the related parties.

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting, salaries, management and directors' fees	530,005	100,708	909,884	202,727
Geological consulting fees	57,088	57,151	113,687	116,005
Professional fees (accounting)	26,330	10,650	38,330	21,300
Share-based compensation	50,221	-	50,221	-
	663,644	168,509	1,112,122	340,032

During the six months ended March 31, 2022, included in directors' fees and management fees was \$441,423 which was the deemed value of DSUs at issuance. See Note 7(f).



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Included in trade and other payables as at March 31, 2022, is \$77,031 (September 30, 2021: \$48,027) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation during the three and six months ended March 31, 2022 and 2021 is as follows:

	Three months ended		Six months ended	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting, salaries, management, geological consulting and professional fees	466,757	163,259	781,225	331,032
Share-based compensation	51,158	2,871	52,097	5,715
	517,915	166,130	833,322	336,747

## 9. SEGMENTED INFORMATION

At March 31, 2022, the Company has three reportable segments: mineral exploration, hydroelectric project and corporate, and has operations in two geographical areas, Canada and Chile.

### Operating Segments

	Three months ended		Six months ended	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Net loss</b>				
Mineral exploration	(53,600)	(3,076)	(115,799)	(7,858)
Hydroelectric project	(1,268)	(379)	(2,404)	(1,872)
Corporate	(3,262,721)	(509,313)	(5,562,418)	(899,801)
	<b>(3,317,589)</b>	<b>(512,768)</b>	<b>(5,680,621)</b>	<b>(909,531)</b>

	March 31, 2022	September 30, 2021
	\$	\$
<b>Assets</b>		
Mineral exploration	84,065,028	74,294,333
Hydroelectric project	8,250,000	8,250,000
Corporate	1,362,451	8,524,862
	<b>93,677,479</b>	<b>91,069,195</b>

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### Geographic Segments

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Net loss</b>				
Canada	(3,234,363)	(489,129)	(5,503,156)	(790,757)
Chile	(83,226)	(23,639)	(177,465)	(118,774)
	<b>(3,317,589)</b>	<b>(512,768)</b>	<b>(5,680,621)</b>	<b>(909,531)</b>
		<b>March 31, 2022</b>	<b>September 30, 2021</b>	
		\$	\$	
<b>Assets</b>				
Canada		1,362,451	8,524,862	
Chile		92,315,028	82,544,333	
		<b>93,677,479</b>	<b>91,069,195</b>	

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

### Non-cash investing and financing activities

At March 31, 2022:

- Net exploration costs included in trade payables and other liabilities were \$3,884,705 (September 30, 2021: \$660,177);
- Exchange rate differences of \$766,691 (September 30, 2021: \$3,184,754) were included in unproven mineral right interests; and
- Accretion expense of \$405,866 related to the convertible debenture was recorded (2021: \$nil).

Also see Note 11.

## 11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

As at March 31, 2022, the Company was the lessee to three premises leases. The incremental rate of borrowing for these leases was estimated by management to be 12% per annum.

### Right-of-use assets

As at March 31, 2022, the right-of-use assets recorded for the Company's premises were as follows:

	Premises \$
<b>As at September 30, 2020</b>	<b>199,392</b>
Depreciation	(108,797)
Foreign exchange	(7,245)
<b>As at September 30, 2021</b>	<b>83,350</b>
Depreciation	(49,228)
Foreign exchange	(296)
<b>As at March 31, 2022</b>	<b>33,826</b>

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### Lease liability

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	<b>March 31, 2022</b>
	<b>\$</b>
Undiscounted minimum lease payments:	
Less than one year	41,972
Two to three years	-
	41,972
Effect of discounting	(1,127)
Present value of minimum lease payments	40,845
Less current portion	(40,845)
Long-term portion	-

### Lease liability continuity

The net change in the lease liability is as follows:

	<b>Premises</b>
	<b>\$</b>
<b>As at September 30, 2020</b>	<b>224,684</b>
Cash flows:	
Principal payments	(112,736)
Non-cash changes:	
Foreign exchange	(14,740)
<b>As at September 30, 2021</b>	<b>97,208</b>
Cash flows:	
Principal payments	(56,094)
Non-cash changes:	
Foreign exchange	(269)
<b>As at March 31, 2022</b>	<b>40,845</b>

During the six months ended March 31, 2022, interest of \$4,499 (2021: \$12,766) was paid.

## 12. SUBSEQUENT EVENTS

Subsequent to March 31, 2022:

- i) On April 1, 2022, the Company granted 2,301 DSUs to directors of the Company and all of the DSUs will vest by June 30, 2022.
- ii) On April 6, 2022, the Company received US\$4,000,000 from Queen's Road Capital by way of Convertible Debenture. The Convertible Debenture has a five-year term, carries an eight per cent coupon and is convertible into common shares in the capital of the Company at a price of \$19.67 per share. The interest is payable quarterly, five per cent in cash and three per cent in shares, at the 20-day volume weighted average price prior to the interest payment date. The proceeds received from this investment will be allocated towards the completion of the Vizcachitas project pre-feasibility study and general corporate purposes. The Convertible Debentures is subject to a four month hold period under Canadian securities laws expiring on August 5, 2022.