LOS ANDES COPPER LTD.

Consolidated Financial Statements

For the Years Ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Los Andes Copper Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Los Andes Copper Ltd., which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at September 30, 2021 and 2020, 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, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 audits.

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

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

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
January 21, 2022

LOS ANDES COPPER LTD.
Consolidated Statements of Financial Position
As at September 30, 2021 and 2020
(Expressed in Canadian dollars)

	Note	2021	2020
		$	$
Assets			
Current Assets			
Cash and cash equivalents		8,772,846	3,992,856
Receivables	**5**	7,660	2,269,940
Prepaid expenses and deposits		190,447	142,549
		8,970,953	6,405,345
Non-Current Assets			
Property, plant and equipment	**14**	121,650	238,023
Unproven mineral right interests	**6**	73,726,592	74,804,725
Hydro-electric project water rights	**6**	8,250,000	8,250,000
		82,098,242	83,292,748
Total Assets		91,069,195	89,698,093
Liabilities			
Current Liabilities			
Trade payables and other liabilities	**9**	829,576	856,642
Lease liability short term	**14**	97,208	99,040
Interest payable on convertible debenture	**7**	42,238	-
		969,022	955,682
Non-Current Liabilities			
Lease liability long term	**14**	-	125,644
Convertible debenture	**7**	4,181,206	-
Derivative liability – convertible debenture conversion feature	**7**	2,103,074	-
DSU liability	**8(f),9**	17,886	-
Deferred income tax	**13**	8,814,616	9,224,616
		15,116,782	9,350,260
Total Liabilities		16,085,804	10,305,942
Shareholders' Equity			
Share capital	**8**	103,415,432	103,368,850
Reserve	**8**	7,495,181	7,477,039
Deficit		(27,268,254)	(25,621,184)
Accumulated other comprehensive loss		(8,658,968)	(5,832,554)
Total Equity		74,983,391	79,392,151
Total Liabilities and Shareholders' Equity		91,069,195	89,698,093

Nature of operation and continuance of business (Note 1)
Subsequent events (Note 15)

Approved by the Board of Directors on January 21, 2022:

"Frank O'Kelly"	*"Francisco Covarrubias"*
Director	Director

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

LOS ANDES COPPER LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

	Note	2021	2020
		$	**$**
Expenses			
Consulting, salaries, management and directors' fees	**9**	470,024	444,663
Depreciation	**14**	116,127	113,433
Interest	**7,14**	188,643	34,205
Accretion	**7**	267,854	-
Office and administration		110,097	43,723
Professional fees	**9**	186,086	288,557
Shareholder communications		250,714	158,231
Share-based compensation	**8, 9**	18,142	125,920
Transfer agent, filing and regulatory fees		57,122	65,701
		1,664,809	1,274,433
Hydro-electric Project			
Professional fees		(17,542)	6,461
Project supplies and expenses		187	196
		(17,355)	6,657
Loss before other items		(1,647,454)	(1,281,090)
Other Items			
Foreign exchange gain (loss)		(190,631)	(101,624)
Change in fair value of derivative liability	**7**	(221,922)	-
Change in fair value of DSU liability	**8(f)**	2,937	-
		(409,616)	(101,624)
Loss before income taxes		(2,057,070)	(1,382,714)
Deferred income tax recovery (expense)	**13**	410,000	(504,350)
Net loss		**(1,647,070)**	**(1,887,064)**
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Current translation adjustment		(2,826,414)	(2,011,381)
Total comprehensive loss for the year		**(4,473,484)**	**(3,898,445)**
Loss per share, basic and diluted		(0.06)	(0.07)
Weighted average number of shares outstanding, basic and diluted		27,166,407	27,165,843

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

LOS ANDES COPPER LTD.
Consolidated Statements of Changes in Equity
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

	Common Shares	Share Capital	Equity reserve[1]	Accumulated other comprehensive income	Deficit	NCI	Total
	#	$	$	$	$	$	$
Balance, September 30, 2019	**27,165,843**	**103,368,850**	**7,351,119**	**(3,821,173)**	**(23,641,496)**	**73,600**	**83,330,900**
Share-based compensation	-	-	125,920	-	-	-	125,920
Repurchase of subsidiary shares	-	-	-	-	(92,624)	(73,600)	(166,224)
Net loss	-	-	-	-	(1,887,064)	-	(1,887,064)
Current translation adjustment	-	-	-	(2,011,381)	-	-	(2,011,381)
Balance, September 30, 2020	**27,165,843**	**103,368,850**	**7,477,039**	**(5,832,554)**	**(25,621,184)**	**-**	**79,392,151**
Shares issued pursuant to interest payment	6,645	46,582	-	-	-	-	46,582
Share-based compensation	-	-	18,142	-	-	-	18,142
Net loss	-	-	-	-	(1,647,070)	-	(1,647,070)
Current translation adjustment	-	-	-	(2,826,414)	-	-	(2,826,414)
Balance, September 30, 2021	**27,172,488**	**103,415,432**	**7,495,181**	**(8,658,968)**	**(27,268,254)**	**-**	**74,983,391**

[1] Reserve consists of fair values of stock options and finder’s warrants

LOS ANDES COPPER LTD.

Consolidated Statements of Cash Flows
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

	2021	2020
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	(1,647,070)	(1,887,064)
Items not affecting cash:		
Accretion	267,854	-
Deferred income tax (recovery) expense	(410,000)	504,350
Depreciation	116,127	113,433
Change in fair value of derivative liability	221,922	-
Change in fair value of DSU liability	(2,937)	-
Interest expense	188,643	-
Share-based compensation	18,142	125,920
Changes in non-cash working capital items:		
DSU liability	20,823	-
Prepaid expenses and deposits	(47,898)	(54,661)
Receivables	24,155	(26,852)
Trade payables and other liabilities	(239,520)	8,239
Net cash used in operating activities	(1,489,759)	(1,216,635)
Investing activities		
Purchase of property, plant and equipment	(9,894)	(4,146)
Unproven mineral right interests	(3,797,470)	(4,277,183)
Repurchase of subsidiary shares	-	(166,224)
Royalty purchase agreements	4,109,481	8,126,088
Net cash provided by (used in) investing activities	302,117	3,678,535
Financing activities		
Repayment of lease liability	(112,736)	(99,040)
Proceeds from issuance of convertible debenture (net)	5,717,623	-
Interest on convertible debenture - cash	(78,642)	-
Net cash provided by (used in) financing activities	5,526,245	(99,040)
Change in cash for the year	4,338,603	2,362,860
Effect of exchange rate changes on cash	441,387	239,834
Cash, beginning of year	3,992,856	1,390,162
Cash, end of year	8,772,846	3,992,856

See Note 12 for supplemental cash flow information.

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 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. During the year ended September 30, 2020, the Company acquired the remaining 0.95% interest in Hidroeléctrica de Pasada Rio Rocín SPA for $166,224 and the difference between the cost base and consideration paid was recognized as a direct charge to equity. As at September 30, 2021 the Company holds a 100% interest in Hidroeléctrica de Pasada Rio Rocín SPA.

At the date of these 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 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 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 consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

These consolidated financial statements were authorized for issue by the Board of Directors on January 21, 2022 and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PRESENTATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries and the basis of consolidation

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally, but not in all cases, accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Judgement is also exercised in respect of the functional currency of foreign subsidiaries.

The financial statements of subsidiaries (Note 1) are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated on consolidation.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

During the year ended September 30, 2020, the Company repurchased the remaining 0.95% of the issued and outstanding common shares of Hidroeléctrica de Pasada Rio Rocín SPA for $166,224 and the difference between the cost base and consideration paid was recognized as a direct charge to equity.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As at September 30, 2021 and 2020, the Company did not have any cash equivalents.

Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct expenditures associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amortization is calculated on a straight-line basis over the useful life of the asset at rates ranging from six to ten years once the asset is available for use.

VAT tax credits

Expenses incurred by the Company in Chile, including deferred exploration expenses, are subject to a Chilean Value Added Tax ("VAT"). The VAT is not refundable to the Company, but can be used in the future to offset amounts due to the Chilean Revenue Service by the Company resulting from VAT charged to clients on future sales. VAT tax credits are included in unproven mineral right interests as they originated from deferred exploration expenses.

Unproven mineral right interests

All acquisition costs, exploration and direct field costs are capitalized into intangible assets until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property or written-off if the rights are disposed of, impaired or abandoned.

Management reviews the carrying amounts of mineral right interests on an annual basis and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. Administration costs and other exploration costs that do not relate to a specific mineral right are expensed as incurred.

Costs include the cash consideration and the fair value of shares issued on the acquisition of mineral rights. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the deferred costs of the related mineral rights, with any excess being included in operations.

There may be material uncertainties associated with the Company's title and ownership of its unproven mineral interests. Ordinarily the Company does not own the land upon which an interest is located, and title may be subject to unregistered prior agreements or transfers or other undetected defects.

Hydroelectric project

The Company capitalizes all costs, net of any recoveries, of acquiring the rights associated with the hydroelectric project, until the rights to which they relate commence commercial operations, at which time these deferred costs will be amortized over the estimated useful life of the project or written-off if the rights are disposed of, impaired or abandoned. Acquisition costs include the cash consideration and the fair value of shares issued on the acquisition of hydroelectric project rights.

Management reviews the carrying amounts of hydroelectric project rights annually, or when there are indicators of impairment, and will recognize impairment based upon assessment of the probability of profitable exploitation of the rights.

Hydroelectric project development costs are expensed as incurred.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Management estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of unproven mineral right interests. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

Income taxes

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets for unused tax

losses, tax credits and deductible temporary differences are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is determined on a cost recovery basis.

Share-based compensation

(i) Share options

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in reserves. 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.

The fair value is measured at grant date and recognized 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.

(ii) Deferred share units

A Deferred Share Unit Plan ("DSU" or "DSUs") was established for officers and directors of the Company. The DSUs vest quarterly from the date of grant and are settled in cash or common shares of the Company, at the Company's option, based on the 20-day volume weighted average price ("VWAP") of the Company's publicly traded common shares on the settlement date. The cost of a DSU is measured, initially, at fair value on the date of grant based on the VWAP of the Company's common shares. The cost of a DSU is recognized as a liability, in accordance with IFRS 2 *Share-based Payments*, in the Company's consolidated statements of financial position. The liability is remeasured at each reporting period, with changes in the fair value of the liability being recognized in the Company's consolidated statements of loss and comprehensive loss. At termination, where the holder ceases to hold any position as a director of the Company and not otherwise being employed or engaged as a consultant or eligible stakeholder (as

determined by the Board) by the Company, including the death of the holder, the Company will elect to settle the outstanding DSUs as either cash settlement or equity settlement, in accordance with the DSU plan (Note 8). Until such a time, the DSUs continue to be recognized as a liability.

Share capital

The Company records proceeds from share issuances in share capital, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral right interests is based on the trading price of those shares on the TSX-V on the date of agreement to issue shares or other fair value equivalent amount as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

Basic loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, and the effect of outstanding stock options and warrants would be anti-dilutive, basic and diluted loss per share is the same.

Financial instruments

The following are the Company's accounting policies under IFRS 9:

a) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Equity investments are initially recognized at their fair value. Changes in the fair value of equity investments are recognized in comprehensive income (loss) in the period in which they occur.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the following categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk; or
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low; or
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while ‘lifetime expected credit losses’ are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

b) Financial liabilities

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and other liabilities, lease liability and convertible debenture are recognized at amortized cost using the effective interest rate method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs are recognized as an expense in the period incurred.

Reclamation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

Foreign currency translation

The functional currency of subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined to be the Chilean peso. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the parent entity is the Canadian dollar. The presentation currency of the Company is also the Canadian dollar.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's subsidiaries are translated into the Canadian dollar using exchange rates prevailing at the end of the period. Income and expense items are translated at the average rate for the period. Exchange differences are recognized as the current translation adjustment in other comprehensive income and accumulated in equity.

Convertible debentures / Derivative liability

The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for. This accounting treatment requires that the carrying amount of embedded derivatives be marked-to-market at each statement of financial position date and carried at fair value. In the event that the fair value is recorded as a liability, the change in fair value during the period is recorded in the statement of loss and comprehensive loss as either income or expense. Upon conversion, exercise or modification to the terms of a derivative instrument, the instrument is marked to fair value at the conversion date and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of financial instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the statement of financial position as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the statement of financial position date.

Leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company chose to measure the right of use assets equal to the lease liability calculated for each lease on initial adoption, using a borrowing rate of 12%.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the aggregate lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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

triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected to include non-lease components related to premises leases in the determination of the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve-months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Use of judgements and estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

a) Unproven mineral right interests and hydro-electric project water rights

The application of the Company's accounting policies for unproven mineral right interests and hydro-electric project water rights requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is impaired with a corresponding charge to profit or loss in the period in which the new information becomes available.

b) Title to unproven mineral right interests

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Right-of-use assets/lease liabilities

The measurement of the lease liability for the premises leases includes the 1-year extension option because under IFRS 16 if it is probable that a renewal option will be exercised, the renewal period has to be included into the lease liability. The incremental rate of borrowing used in the measurement of the lease liabilities was estimated by management to be 12% per annum.

d) Going concern

Critical judgement and estimates are applied for the determination that the Company will continue as a going concern for the next year.

Estimates

a) Deferred income tax

In the year ended September 30, 2021, the Company booked a decrease in deferred income tax liability and corresponding deferred income tax recovery of $410,000 (2020: expense of $504,350). The Company's deferred income tax liability arises mostly from the difference between the book and tax value of its mineral right interests.

b) Convertible debentures / Derivative liability

Management has made significant assumptions in the application of the Black-Scholes option-pricing model when calculating the fair value of the derivative liability and the residual fair value of the convertible debenture.

5. 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 September 30, 2021, 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 6). As at September 30, 2021, 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;
- 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 the current year (Note 6).

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 by May 15, 2022 for a total purchase price of US$7,100,000; or
    - US$2,500,000 by May 15, 2021, US$2,300,000 by May 15, 2022 and US$1,800,000 by November 15, 2022 for a total purchase price of US$7,600,000.

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 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 15th business day prior to the first anniversary of the ERPA; and
- US$4,000,000 on or before the 15th 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 will direct RCF to pay US$2.5 million (paid - see ERPA above) and US$3.6 million of the second and third purchase price payments, respectively, into trust for payment to the specified payees on the second and third anniversary dates of the ERPA.

In the event that RCF sells Royalty 2 (other than by a sale or transfer to an affiliate of RCF) prior to RCF making the second and/or third purchase price payments, the due dates for the payments will be accelerated to the closing date of the RCF sale. The ERPA also stipulates that the due dates for any outstanding payments will be accelerated so that they are also due 15 business days after the closing date of the RCF sale.

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, RFC 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).

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.

6. 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, 2019	Costs incurred (recovered) in year ended September 30, 2020	Total costs to September 30, 2020	Costs incurred (recovered) in year ended September 30, 2021	Total costs to September 30, 2021
	$	$	$	$	$
VIZCACHITAS					
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	2,478,948	110,459	2,589,407	196,097	2,785,504
Deferred exploration					
Automobile and travel	553,262	71,735	624,997	65,296	690,293
Assaying	684,887	21,600	706,487	18,875	725,362
Camp rehabilitation, maintenance and security	2,592,675	466,228	3,058,903	467,452	3,526,355
Core handling and storage	32,914	-	32,914	-	32,914
Drilling	5,374,998	-	5,374,998	63,104	5,438,102
Equipment and equipment rental	639,606	2,564	642,170	2,373	644,543
Exploration administration	4,632,446	1,652,511	6,284,957	1,702,655	7,987,612
Food and accommodation	380,954	3,084	384,038	1,041	385,079
Geological consulting (Note 9)	2,215,524	161,803	2,377,327	167,694	2,545,021
Other	99,082	79,453	178,535	38,071	216,606
Property & surface rights, taxes & tenure fees	1,671,626	191,477	1,863,103	252,295	2,115,398
Road repairs	47,556	-	47,556	-	47,556
Studies and other consulting	3,168,284	1,428,952	4,597,236	867,537	5,464,773
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	753,004	93,338	846,342	64,338	910,680
Sustainable development	29,501	-	29,501	103,096	132,597
Total deferred exploration	**24,145,685**	**4,172,745**	**28,318,430**	**3,813,827**	**32,132,257**
Royalty purchase agreements (Note 5)	-	(10,364,213)	(10,364,213)	(1,903,304)	(12,267,517)
Exchange rate differences	(4,000,238)	(2,246,672)	(6,246,910)	(3,184,753)	(9,431,663)
	83,132,406	**(8,327,681)**	**74,804,725**	**(1,078,133)**	**73,726,592**

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.

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.

7. 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 $167,442 (US$133,333) was recognized during the year ended September 30, 2021.

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 year ended September 30, 2021, were as follows:

	Convertible debenture $	Derivative liability $	Total $
Balance, September 30, 2020	**-**	**-**	**-**
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
Accretion	267,854	-	267,854
FX	76,881	-	76,881
Balance, September 30, 2021	**4,181,206**	**2,103,074**	**6,284,280**

See Note 12 for supplemental cash flow information.

8. EQUITY

a) Authorized

Unlimited number of common shares without par value.

b) Financings

During the year ended September 30, 2021, the Company issued 6,645 common shares pursuant to the first interest payment on the convertible debenture (Note 7).

There were no share transactions during the year ended September 30, 2020.

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 September 30, 2021 and 2020 and the changes for the years then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, September 30, 2019	**215,000**	**5.00**	**2.82**
Granted	37,000	5.00	4.99
Expired	(92,500)	5.00	-
Balance, September 30, 2020	**159,500**	**5.00**	**3.69**
Balance, September 30, 2021	**159,500**	**5.00**	**2.69**
Unvested	(18,500)	5.00	3.10
Vested and exercisable	**141,000**	**5.00**	**2.64**

The Company recorded share-based compensation expense of $18,142 during the year ended September 30, 2021 (2020: $125,920) related to the vesting of previously granted options. The Company fair valued the options granted during the year ended September 30, 2020 using the Black-Scholes option pricing model based on the following assumptions:

	2021	2020
Risk-free rate	-	0.31%
Expected life of options (years)	-	5
Annualized Volatility	-	86.35%
Dividend rate	-	Nil
Forfeiture rate	-	Nil

The options outstanding as at September 30, 2021 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
159,500	**141,000**	**5.00**	

e) Warrants

As at September 30, 2021 the Company has 1,340,000 (2020: 1,340,000) warrants outstanding and exercisable. The warrants have a weighted average exercise price of $5.00. The warrants outstanding at September 30, 2021 are as follows:

Warrants #	Exercise Price $	Expiry Date
393,500	5.00	May 7, 2023
946,500	5.00	June 7, 2023
1,340,000	**5.00**	

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 year ended September 30, 2021, the Company granted 2,509 DSUs to directors of the Company and as at September 30, 2021 all of the DSUs were fully vested. The change in DSUs for the year ended September 30, 2021 is as follows:

Balance, September 30, 2020	**-**
Granted	2,509
Balance, September 30, 2021	**2,509**

Following is a summary of the DSUs outstanding at September 30, 2021:

Grant date	Number of DSUs	Deemed value	Fair Market Value at September 30, 2021
June 1, 2021	1,325	$9.43	$7.13
September 1, 2021	1,184	$7.03	$7.13

As at September 30, 2021, the Company had a total of $17,886 in DSU liabilities. See Note 9.

9. 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
Mineral Consulting Services Ltd.	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.

	Years ended September 30	
	2021	**2020**
	$	**$**
Consulting, salaries, management and directors' fees	445,303	443,156
Geological consulting fees	227,516	242,099
Professional fees (accounting)	44,874	28,400
	717,693	713,655

During the year ended September 30, 2021, included in directors' fees was $20,823 which was the deemed value of DSUs at issuance. See Note 8(f).

Included in trade and other payables as at September 30, 2021 is $48,027 (2020: $32,728) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation during the years ended September 30, 2021, and 2020 is as follows:

	Years ended September 30	
	2021	**2020**
	$	**$**
Consulting, salaries, management, geological consulting and professional fees	652,355	691,072
Share-based compensation	8,945	60,581
	661,300	751,653

10. FINANCIAL AND CAPITAL RISK MANAGEMENT – FINANCIAL INSTRUMENTS

Financial risk management

The Company's activities expose it to a variety of financial risks, which include liquidity risk, interest rate risk, currency risk and credit risk.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by raising additional capital as required from time to time.

The Company's financial liabilities fall due as indicated in the following table:

At September 30, 2021	Total	Less than 1 year	Between 1 and 2 years	Greater than 2 years
	$	$	$	$
Trade payables and other liabilities	829,576	829,576	-	-
Lease liability	97,208	97,208	-	-
Convertible debenture	4,181,206	-	-	4,181,206
Interest payable on convertible debenture	42,238	42,238	-	-
Derivative liability	2,103,074	-	-	2,103,074
DSU liability	17,886	-	-	17,886

At September 30, 2020	Total	Less than 1 year	Between 1 and 2 years	Greater than 2 years
	$	$	$	$
Trade payables and other liabilities	856,642	856,642	-	-
Lease liability	224,684	99,040	125,644	-

b) Currency risk

The Company faces foreign exchange risk exposures arising from transactions denominated in foreign currencies.

The Company's main foreign exchange risks arise with respect to the Chilean peso ("CLP") and to a lesser degree, the U.S. dollar. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary and maintains limited balances in foreign currencies to avoid continuous fluctuation. Based on the balances as at September 30, 2021, a 1% increase (decrease) in the Canadian dollar/CLP or Canadian/U.S. dollar exchange rates on that day would have resulted in an increase or decrease of approximately $102,000 in the Company's net loss.

c) Interest Rate Risk

Included in the results of operations of the Company are interest income on U.S. dollar, and Canadian dollar cash and cash equivalents. The Company receives interest on cash based on market interest rates. As at September 30, 2021, with other variables unchanged, a 1% change in Prime rates would have had no material impact on the Company's net loss and no effect on other comprehensive loss. The interest rates on the Company's premises leases and convertible debenture are fixed during the term of the lease and the term of the convertible debenture.

d) Credit Risk

Financial instruments that potentially subject the Company to credit risk consists of cash and cash equivalents. Cash is maintained with financial institutions in Canada and Chile and is redeemable on demand. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Capital Risk Management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure are to maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations. The Company's management is responsible for capital management and to determine the future capital management requirements.

Capital management is undertaken to ensure a secure, cost-effective supply of funds and that the Company's corporate and project requirements are met.

Financial Instruments by Category

The Company's financial instruments consist of cash and cash equivalents, receivables, excluding GST, trade payables and other liabilities, lease liability, DSU liability and convertible debenture. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The fair value of cash and cash equivalents, receivables and trade payables and other liabilities approximate their carrying values due to the short-term maturities of these financial instruments.

The Company is required to make disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

The Company has made the following classifications for its financial instruments:

	2021	2020
	$	$
Assets at amortized cost		
Cash	8,772,846	3,992,856
Receivables, excluding GST	-	2,238,125
	8,772,846	**6,230,981**
Liabilities at amortized cost		
Trade payables and other liabilities	829,576	856,642
Lease liability (total)	97,208	224,684
Convertible debenture	4,181,206	-
Interest payable on convertible debenture	42,238	-
	5,150,228	**1,081,326**
Liabilities at FVTPL		
Derivative liability	2,103,074	-
DSU liability	17,886	-
	2,120,960	-

11. SEGMENTED INFORMATION

At September 30, 2021, the Company has three reportable segments: mineral exploration, hydroelectric project and corporate, and has operations in two geographical areas, Canada and Chile.

Operating Segments

	Years ended September 30 2021	2020
	$	$
Net loss		
Mineral exploration	(97,739)	(48,242)
Hydroelectric project	17,355	(8,843)
Corporate	(1,566,686)	(1,829,979)
	(1,647,070)	**(1,887,064)**

	September 30, 2021	September 30, 2020
	$	$
Assets		
Mineral exploration	74,294,333	77,457,405
Hydroelectric project	8,250,000	8,250,000
Corporate	8,524,862	3,990,688
	91,069,195	**89,698,093**

Geographic Segments

	Years ended September 30 2021	2020
	$	$
Net loss		
Canada	(1,436,435)	(1,686,942)
Chile	(210,635)	(200,122)
	(1,647,070)	**(1,887,064)**

	September 30, 2021	September 30, 2020
	$	$
Assets		
Canada	8,524,862	6,260,627
Chile	82,544,333	83,437,466
	91,069,195	**89,698,093**

12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities

At September 30, 2021:

- Net exploration costs included in trade payables and other liabilities were $660,177 (2020: $447,723);
- Receivables of $nil (2020: $2,238,125) were included in unproven mineral right interests;
- Exchange rate differences of $3,184,754 (2020: $2,246,672) were included in unproven mineral right interests; and
- Accretion expense of $267,854 related to the convertible debenture was recorded (2020: $nil).

Also see Note 14.

13. INCOME TAXES

a) Income tax expense reported differs from the amount computed by applying the tax rates applicable to the Company to the loss before the tax provision due to the following:

	September 30, 2021	September 30, 2020
	$	$
Loss for the year before income taxes	(2,057,070)	(1,382,714)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(555,409)	(373,333)
Changes attributable to:		
Net adjustment for depreciation and non-deductible amounts	647,663	2,650,446
Unrecognized benefit of non-capital losses	55,956	50,146
Non-capital losses and resource pools utilized	(148,210)	(2,327,259)
Adjustment of deferred income tax liability to actual	410,000	(504,350)
Total income tax recovery (expense)	410,000	(504,350)

b) The components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred tax liabilities: mineral properties & equipment	(10,290,256)	(9,364,206)
Deferred tax assets: non-capital losses net of valuation allowance	1,475,640	139,590
Net deferred tax liabilities	(8,814,616)	(9,224,616)

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

	2021 $	2020 $
Non-capital losses	-	384,000
Mineral properties	395,661	257,326
Capital losses	2,411,861	2,411,861
Unrecognized deductible temporary differences	2,807,522	3,053,187

At September 30, 2021, the Company had non-capital operating losses of $nil (2020: $384,000) and had resource related amounts available, subject to certain restrictions, for deduction against future taxable income in Canada.

The Company also has Chilean estimated net operating loss carry-forwards for tax purposes of approximately $5,466,000 (2020: $517,000). These losses carry-forward indefinitely.

14. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

As at September 30, 2021, 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 September 30, 2021, the right-of-use assets recorded for the Company's premises were as follows:

	Premises $
As at September 30, 2019	**-**
IFRS 16 adoption	253,564
Depreciation	(108,832)
Foreign exchange	54,660
As at September 30, 2020	**199,392**
Depreciation	(108,797)
Foreign exchange	(7,245)
As at September 30, 2021	**83,350**

Lease liability

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

	September 30, 2021 $	September 30, 2020 $
Undiscounted minimum lease payments:		
Less than one year	102,924	133,959
Two to three years	-	111,828
	102,924	245,787
Effect of discounting	(5,716)	(21,103)
Present value of minimum lease payments	97,208	224,684
Less current portion	(97,208)	(99,040)
Long-term portion	-	125,644

Lease liability continuity

The net change in the lease liability is as follows:

	Premises $
As at September 30, 2019	
IFRS 16 adoption	253,564
Cash flows:	
Principal payments	(99,040)
Non-cash changes:	
Foreign exchange	70,160
As at September 30, 2020	**224,684**
Cash flows:	
Principal payments	(112,736)
Non-cash changes:	
Foreign exchange	(14,740)
As at September 30, 2021	97,208

During the year ended September 30, 2021, interest of $21,181 (2020: $34,205) was paid.

15. SUBSEQUENT EVENTS

Subsequent to September 30, 2021:

i) On October 1, 2021, the Company granted 5,844 DSUs to directors of the Company and all of the DSUs were fully vested upon issuance.

ii) On October 27, 2021, the Company engaged R. Michael Jones as the Company's CEO. His contract terms include an annual salary of US$420,000; 10,000 stock options expiring 5 years from the grant date with an exercise price of $10.00 per share, vesting four months from the date granted; and DSUs with an aggregate value of US$400,000.

iii) On November 30, 2021, pursuant to the Convertible Debenture (Note 7), the Company paid interest of $127,803 (US$100,000), whereby $79,051 (US$61,815) was paid in cash and $48,752 was paid through the issuance of 4,432 common shares.