TURMALINA METALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Turmalina Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Turmalina Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, changes in cash flows and shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 17, 2020

TURMALINA METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	December 31, 2019	December 31, 2018
ASSETS		
Current		
Cash	$ 5,360,725	$ 22,965
Receivables and prepaid expenses (Note 4)	325,095	479
	5,685,820	23,444
Mineral property (Note 5)	537,244	78,306
	$ 6,223,064	$ 101,750
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 483,792	$ 318,774
Shareholders' equity (deficiency)		
Share capital (Note 7)	11,808,647	2,198,752
Contributed surplus (Note 7)	1,573,784	-
Subscriptions received in advance (Note 7)	-	12,500
Deficit	(7,643,159)	(2,428,276)
	5,739,272	(217,024)
	$ 6,223,064	$ 101,750

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

Approved and authorized by the Board on April 17, 2020.

"Rohan Wolfe" Director	*"Bryan Slusarchuk"* Director
Rohan Wolfe	Bryan Slusarchuk

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

TURMALINA METALS CORP.
CONSOLDIATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
EXPENSES		
Consulting fees (Note 6)	$ 44,516	$ 50,000
Directors fees (Note 6)	42,000	18,000
Exploration costs (Note 5 and 6)	1,929,772	124,511
Foreign exchange	(40,277)	6,649
Investor relations	14,000	-
Listing fees	109,381	-
Management fees (Note 6)	301,406	258,025
Marketing and shareholder communications	337,177	-
Office expense	42,958	5,181
Professional fees (Note 6)	473,123	94,676
Property investigation (Note 6)	182,684	245,219
Share-based payments (Note 6 and 7)	1,573,784	-
Transfer agent and filing fees	7,587	-
Travel	232,166	124,879
Loss from operations	(5,250,277)	(927,140)
Interest income	35,394	-
Loss and comprehensive loss for the year	$ (5,214,883)	$ (927,140)
Basic and diluted loss per common share	$ (0.16)	$ (0.07)
Weighted average number of common shares outstanding – basic and diluted	32,884,329	13,806,137

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

TURMALINA METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (5,214,883)	$ (927,140)
Items not affecting cash		
Share-based payments	1,573,784	-
Non-cash working capital item changes:		
Receivables and prepaid expenses	(324,616)	(203)
Accounts payable and accrued liabilities	425,018	353,347
Net cash used in operating activities	(3,540,697)	(573,996)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral property	(458,938)	(78,306)
Net cash used in investing activities	(458,938)	(78,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	9,564,375	585,000
Share issuance costs	(226,980)	(1,248)
Subscriptions received in advance	-	12,500
Net cash provided by financing activities	9,337,395	596,252
Change in cash for the year	5,337,760	(56,050)
Cash, beginning of year	22,965	79,015
Cash, end of year	$ 5,360,725	$ 22,965

During the year ended December 31, 2019 the Company issued 2,080,000 shares in settlement of accounts payable and accrued liabilities of $260,000. During the year ended December 31, 2018 the Company issued 1,320,000 shares in settlement of accounts payable and accrued liabilities of $165,000. There were no other significant non-cash financing and investing activities during the years ended December 31, 2019 and 2018. No cash was paid for interest or taxes for the years ended December 31, 2019 and 2018.

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

TURMALINA METALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital						
	Number	**Amount**	**Subscriptions receivable**	**Subscriptions received in advance**	**Contributed Surplus**	**Deficit**	**Total**
Balance, December 31, 2017	11,680,000	$ 1,460,000	$ (10,000)	$ -	$ -	$ (1,501,136)	$ (51,136)
Shares issued for cash	4,600,000	575,000	10,000	-	-	-	585,000
Share issuance costs – cash	-	(1,248)	-	-	-	-	(1,248)
Shares issued in settlement of debt	1,320,000	165,000	-	-	-	-	165,000
Subscriptions received in advance	-	-	-	12,500	-	-	12,500
Loss for the year	-	-	-	-	-	(927,140)	(927,140)
Balance, December 31, 2018	17,600,000	2,198,752	-	12,500	-	(2,428,276)	(217,024)
Shares issued for cash	29,270,000	9,576,875	-	(12,500)	-	-	9,564,375
Share issuance costs – cash	-	(226,980)	-	-	-	-	(226,980)
Shares issued in settlement of debt	2,080,000	260,000	-	-	-	-	260,000
Share-based payments	-	-	-	-	1,573,784	-	1,573,784
Loss for the year	-	-	-	-	-	(5,214,883)	(5,214,883)
Balance, December 31, 2019	48,950,000	$ 11,808,647	$ -	$ -	$ 1,573,784	$ (7,643,159)	$ 5,739,272

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Turmalina Metals Corp. (the "Company") was incorporated in Canada under the British Columbia Corporations Act on March 21, 2017. The Company is principally engaged in the acquisition and exploration of resource properties. The Company's shares are publicly traded on the TSX Venture Exchange (the "TSXV") under the symbol TBX. The head office, records office, and principal address of the Company is 400-850 West Hastings Street, Vancouver, British Columbia, V6C 1E1. The Company changed its name to Turmalina Metals Corp from Turmalina Copper Corp., on June 24, 2019 and to Turmalina Copper Corp., from 1112002 B.C. Ltd., on July 25, 2018. The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. During the years ended December 31, 2018 and 2019, the Company entered into option agreements to acquire an interest in properties in Argentina and Peru (Note 5).

During the year ended December 31, 2018, the Company completed a share consolidation on the basis of 1 new common share for 2.5 common shares. All share and per share information have been amended retrospectively to reflect the share consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Aurora Mining S.A. (Argentina – 95% owned) and Aurora Copper Peru S.A.C. (Peru – 99.99% owned). The subsidiaries' principal activity is mineral exploration.

2. BASIS OF PREPARATION (cont'd…)

Basis of Consolidation

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Basis of Measurement

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency and have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts, impairment testing and calculation of share-based payments. Share-based payments, as measured with respect to the fair value of common shares issued. The Company has reviewed its exploration and evaluation assets for indications of impairment and adjusted the carrying values of the exploration and evaluation assets to reflect management's decision to impair certain properties. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets.

The most significant judgments relate to the functional currency of the Company and its subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

<u>Financial assets</u>

The Company classified its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statements of loss and comprehensive loss.

Financial assets at FVTOCI: Financial assets carried at FVTOCI are recorded at fair value and transaction costs are expensed in the statement (loss) income. Realized and unrealized gains and losses arising from changes in fair value of the financial assets held at FVTOCI are included in other comprehensive (loss) income.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Other financial liabilities - This category includes accounts payable and accrued liabilities, which is recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statements of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company's financial liabilities under IFRS 9:

Financial liability	IFRS 9 Classification
Accounts payable and accrued liabilities	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation - mineral property

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable.

All costs related to the acquisition of mineral properties, including option payments, are capitalized on an individual prospect basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore on areas of interest are recognized in profit or loss. Expenditures incurred by the Company in connection with the exploration and evaluation of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and proposed acquisition of mineral property interests and to the best of its knowledge the properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that 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. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Decommissioning provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, oil and gas interests, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based payments

Share-based payments are arrangements in which the Company receives goods or services in consideration for its own equity instruments granted to non-employees. These are accounted for as equity settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New and revised standards and interpretations

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018, except for the following:

Leases - On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at January 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount, plus prepaid lease payments made by the Company. The Company has implemented the following accounting policies permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

Adoption of IFRS 16 on January 1, 2019, did not result in any adjustments.

4. RECEIVABLES AND PREPAID EXPENSES

	December 31, 2019	December 31, 2018
Goods and service tax ("GST") receivable	$ 41,651	$ 479
Other receivables and prepayments	18,402	-
Prepayments	265,042	-
Total	$ 325,095	$ 479

(Expressed in Canadian Dollars)

5. MINERAL PROPERTY

El Tapau Project, Argentina

On September 24, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the El Tapau Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

	Cash Payment (USD $)	Minimum Exploration Expenditures (USD $)	Minimum Drilling (Meters)
September 24, 2018 (paid)	40,000	-	-
September 24, 2019 (paid and completed)	70,000	300,000	-
September 24, 2020	100,000	-	3,000
September 24, 2021	250,000	-	4,000
September 24, 2022	1,000,000	750,000	-
	1,460,000	1,050,000	7,000

The third parties retain a 2.5% Net Smelter Returns royalty, which the Company may purchase for a payment of USD$2,500,000.

Cerro Negro Project, Argentina

On September 25, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Cerro Negro Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD $)	Minimum Exploration Expenditures (USD $)
Upon signing LOI (paid)	5,000	-
September 25, 2018 (paid)	15,000	-
Upon receiving drilling permits (paid)	30,000	-
September 25, 2019 (paid and completed)	50,000	300,000
September 25, 2020	100,000	500,000
September 25, 2021	250,000	500,000
September 25, 2022	1,000,000	750,000
	1,450,000	2,050,000

The third parties retain a 2% Net Smelter Returns royalty, of which the Company may purchase 55%, or 1.1%, of the NSR for a payment of USD$1,250,000.

(Expressed in Canadian Dollars)

5. MINERAL PROPERTY (cont'd…)

Canchaque Project, Peru

On March 9, 2019, which was subsequently amended on September 6, 2019, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Canchaque Project. The Company can acquire a 100% interest in the property by making the amended payments and incurring exploration expenditures as follows:

	Cash Payment (USD $)	Cash payment Portion Optional to issue in Shares	Minimum Exploration Expenditures (USD $)	Minimum Drilling (Meters)
March 9, 2019 (paid)	50,000	0%	-	-
September 9, 2019 (paid)	60,000	0%	-	-
November 9, 2019 (paid)	40,000	0%	-	-
March 9, 2020*	100,000	0%	-	-
September 9, 2020*	250,000	50%	500,000	2,000
March 9, 2021*	300,000	50%	-	-
September 9, 2021*	300,000	50%	500,000	2,500
March 9, 2022*	400,000	50%	-	-
September 9, 2022*	400,000	50%	750,000	3,000
March 9, 2023*	500,000	50%	-	-
September 9, 2023*	2,500,000	25%	750,000	4,000
	4,900,000		2,500,000	11,500

*Subsequent to year end, the Company exercised an option within the agreement to extend all payments by six months by paying USD$50,000. As the Company paid the USD$50,000, the final payment due will be decreased by USD$50,000 to USD$2,450,000.

In addition to the items listed above, the Company will issue 500,000 common shares to the owners of the property provided that two conditions are met; the completion of the listing of the common shares of the Company on a stock exchange, and the Company obtaining all necessary permits to commence drilling on the property.

The third parties will retain a 2% Net Smelter Returns royalty, which will be converted into a payment of USD $2,500,000 in the event of: (i) commencement of commercial projection; or (ii) the sale of the project to a party no affiliated with the Company; or (iii) an outright sale of or a change of control of the Company. Certain mining concessions are subject to Net Smelter Returns royalties of 1.5% which the Company can acquire for USD $750,000. The USD$ 750,000 will be deducted from the payment noted above.

During the year ended December 31, 2019, the Company acquired additional claims contiguous to the Canchaque Project for $54,248.

(Expressed in Canadian Dollars)

5. MINERAL PROPERTY (cont'd…)

During the years ended December 31, 2019, the Company has incurred acquisition costs as follows:

Acquisition Costs	El Tapau Project	Cerro Negro Project	Canchaque Project	Total
Opening balance, December 31, 2017	$ -	$ -	$ -	$ -
Additions	52,259	26,047	-	78,306
Closing balance, December 31, 2018	52,259	26,047	-	78,306
Additions	95,571	108,263	255,104	458,938
Closing balance, December 31, 2019	$ 147,830	$ 134,310	$ 255,104	$ 537,244

During the year ended December 31, 2019, the Company incurred exploration costs as follows:

Exploration Expenditures	El Tapau Project	Cerro Negro Project	Canchaque Project	Total
Assay	$ 115,366	$ 115,366	$ -	$ 230,732
Drilling	147,259	147,704	-	294,963
Equipment rental	65,639	66,808	-	132,447
Field expenditures	172,405	129,931	17,698	320,034
Geological consulting	129,219	143,592	15,443	288,254
Project administration & community relations	34,639	21,210	61,437	117,286
Project Management	116,820	116,820	-	233,640
Road construction and drill pads	-	44,859	-	44,859
Report preparation	30,659	30,673	-	61,332
Taxes paid (IVA)	108,807	89,810	-	198,617
Travel	3,488	3,488	632	7,608
	$ 924,301	$ 910,261	$ 95,210	$1,929,772

During the year end December 31, 2018, the Company incurred $117,038 in geological consulting and $7,473 in other exploration costs.

6. RELATED PARTY TRANSACTIONS

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the years ended December 31, 2019 and 2018, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

	2019	**2018**
Consulting fees	$ -	$ 50,000
Professional fees	85,000	-
Director fees	42,000	18,000
Exploration costs	245,381	117,038
Management fees	254,501	258,025
Property investigation	76,461	117,038
Share-based payments	977,795	-
	$ 1,681,138	$ 560,101

6. RELATED PARTY TRANSACTIONS (cont'd…)

During the year ended December 31, 2019 the Company issued 1,800,000 shares in settlement of $225,000 in debt owing to an officer of the Company. As at December 31, 2019, $38,037 (2018 - $251,542) was included in accounts payable and accrued liabilities owing to officers and directors of the Company in relation to professional fees and reimbursement of expenses.

7. SHAREHOLDERS' EQUITY (DEFICIENCY)

Authorized

An unlimited number of common shares without par value.

Escrow

As at December 31, 2019, 9,882,000 common shares were held in escrow (2018 – Nil).

Issued share capital

During the year ended December 31, 2019, the Company:

a) Completed a non-brokered private placement consisting of 9,925,000 common shares at a price of $0.125 per share for gross proceeds of $1,240,625, of which $12,500 was received in fiscal 2018; and 4,345,000 common shares at a price of $0.25 for gross proceeds of $1,086,250.

b) Settled $260,000 of debt via the issuance of 2,080,000 common shares.

c) Completed a non-brokered private placement consisting of 1,000,000 common shares at a price of $0.25 for gross proceeds of $250,000.

d) Completed a non-brokered private placement consisting of 14,000,000 subscription receipts at a price of $0.50 per subscription receipt for aggregate gross proceeds of $7,000,000. Each subscription receipt entitles the holder thereof to receive, without payment of any further consideration, one common share upon the satisfaction of the Escrow Release Conditions. The Company incurred $226,980 in issuance costs.

The Escrowed Funds have been deposited into an interest-bearing escrow account, releasable to the Company upon the satisfaction of the Escrow Release Conditions, including the Company obtaining the receipt for the final prospectus. In the event that the Escrow Release Conditions are not satisfied, the Subscription Receipts will immediately become null, void and of no further force or effect and, as soon as reasonably possible, and in any event within ten (10) business days following the Escrow Deadline, the Escrowed Proceeds will be returned to the holders of Subscription Receipts in an amount per Subscription Receipt equal to: (i) the Escrowed Proceeds; and (ii) interest, if any, actually earned thereon to the date of the Escrow Deadline (less any applicable holdings taxes).

(Expressed in Canadian Dollars)

7. SHAREHOLDERS' EQUITY (DEFICIENCY) (cont'd…)

Issued share capital (cont'd…)

During the year ended December 31, 2018, the Company:

a) Completed a series of non-brokered private placement, issuing a total of 4,600,000 common shares at a price of $0.125 for cash proceeds of $575,000.

b) Settled debt in the amount of $165,000 by issuance of 1,320,000 common shares.

c) Paid $1,248 in share issuance costs related to the private placements.

Stock options

Stock option transactions are summarized as follows:

	Stock options	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2017 and 2018	-	$ -
Granted	4,225,000	0.50
Outstanding, December 31, 2019	4,225,000	$ 0.50
Exercisable, December 31, 2019	4,225,000	$ 0.50

Stock options outstanding

The following stock options were outstanding at December 31, 2019:

Number	Exercise price	Expiry date	Remaining Life (years)
4,225,000	$ 0.50	August 9, 2024	4.61

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years with vesting determined by the board of directors.

During the year ended December 31, 2019, the Company granted 4,225,000 (2018 – nil) options with a weighted-average fair value of $0.37 (2018 - $nil) per option to an advisor of the Company. Total share-based payments recognized in the statement of operations and comprehensive loss for the year ended December 31, 2019 was $1,573,784 (2018 – $nil) for incentive options granted, vested and repriced. This amount was also recorded as contributed surplus on the statement of financial position.

(Expressed in Canadian Dollars)

7. SHAREHOLDERS' EQUITY (DEFICIENCY) (cont'd…)

Share-based payments (cont'd…)

The following weighted average assumptions were used for the valuation of stock options:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.31%	-
Expected life of options	5 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

8. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Loss before income taxes	$ (5,214,883)	$ (927,140)
Expected income tax (recovery)	$ (1,408,000)	$ (250,000)
Change in statutory, foreign tax and other	(52,000)	(1,000)
Share issuance costs	(61,000)	-
Permanent differences	426,000	-
Change in unrecognized deductible temporary differences	1,095,000	251,000
Income tax recovery	$ -	$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2019	Expiry Date Range	2018
Exploration and evaluation assets	$ 2,138,000	N/A	$ 125,000
Share issuance costs	182,000	2043	$ -
Non-capital losses	3,012,000	2039	1,341,000
	$ 5,332,000		$ 1,466,000

Loss carry forwards include Canadian tax losses of $2,943,000 which expire through to 2039, and Peruvian tax losses of $90,000, which expire through to 2024.

9. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in multiple geographical location, refer to Note 5.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables are classified at amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of goods and services tax receivable from the government of Canada.

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 through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2019, the Company is not exposed to significant interest rate risk.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

Market risk (cont'd…)

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company:

a) Completed a brokered private placement consisting of 13,964,450 units at a price of $0.70 for gross proceeds of $9,775,115. Each unit comprises one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.90 per common share for a 24-month period, expiring February 28, 2022.

   The Company paid finders fees of $619,104 and issued 884,435 compensation warrants to the underwriters. Each warrant entitles the holder to purchase one additional common share at a price of $0.70 per common share for a period of 24 months following closing, expiring February 28, 2022.

(Expressed in Canadian Dollars)

11. SUBSEQUENT EVENTS (cont'd…)

b) On March 13, 2020, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Chanape Project. The Company can acquire a 100% interest in the property by making total cash payments of USD$3,410,000 and by incurring exploration expenditures of USD$2,000,000 as follows:

	Cash Payment (USD $)	Minimum Exploration Expenditures (USD $)
Upon signing LOI (paid)	10,000	-
February 22, 2020 (paid)	18,727	-
Execution of definitive agreement (paid)	22,000	-
April 30, 2020	9,273	-
September 13, 2020	40,000	-
March 13, 2021	50,000	250,000
September 13, 2021	60,000	
March 13, 2022	100,000	500,000
September 13, 2022	120,000	-
March 13, 2023	180,000	500,000
September 13, 2023	250,000	-
March 13, 2024	350,000	750,000
March13, 2025	2,200,000	-
	3,410,000	2,000,000

The third parties retain a 2% Net Smelter Returns royalty, of which the Company may purchase 1%,(50%) of the NSR for a payment of USD$1,200,000.