



# LATIN METALS INC.

(An Exploration Stage Company)

**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited. Expressed in Canadian Dollars)**

**For the three and nine months ended  
July 31, 2023 and 2022**

**Corporate Head Office**

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## **NOTICE TO READER**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of the Company for the nine months ended July 31, 2023 have been prepared by and are the responsibility of the Company's management.

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

**LATIN METALS INC.**

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited. Expressed in Canadian dollars)

	July 31, 2023	October 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 200,208	\$ 1,136,196
Receivables	58,969	62,348
Prepaid expenses	105,809	49,838
	<u>364,986</u>	<u>1,248,382</u>
<b>Investments (note 3)</b>	830,779	-
<b>Property and equipment</b>	134,464	89,202
<b>Exploration and evaluation assets (note 4)</b>	<u>4,889,787</u>	<u>4,905,314</u>
<b>Total Assets</b>	<b>\$ 6,220,016</b>	<b>\$ 6,242,898</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 225,235	\$ 224,155
Lease liabilities, current (note 5)	28,070	22,174
	<u>253,305</u>	<u>246,329</u>
<b>Lease liabilities, long term (note 5)</b>	<u>31,433</u>	<u>55,324</u>
	284,738	301,653
<b>Shareholders' Equity</b>		
Share capital (note 6)	15,187,295	14,905,151
Reserves (note 6)	2,767,140	2,271,038
Deficit	<u>(12,019,157)</u>	<u>(11,234,944)</u>
Total Shareholders' Equity	<u>5,935,278</u>	<u>5,941,245</u>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 6,220,016</b>	<b>\$ 6,242,898</b>

Nature of operations and going concern (note 1)

Subsequent event (note 11)

Approved on behalf of the Board of Directors on September 26, 2023

“Keith Henderson”

Director

“David Cass”

Director

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

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited. Expressed in Canadian dollars)

	<b>Three months ended July 31,</b>		<b>Nine months ended July 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Operating expenses (recoveries)</b>				
Consulting fees (note 7)	\$ 125,615	\$ 79,893	\$ 382,586	\$ 217,198
Depreciation	6,917	1,256	20,753	1,332
Impairment loss on VAT receivable and other	4,084	2,513	9,734	8,848
Investor relations and promotion	65,715	68,135	208,891	123,493
Office and general	33,325	13,456	101,578	68,619
Professional fees	24,020	29,101	128,639	81,892
Property investigation costs	13,286	63,383	36,363	66,782
Recoveries of exploration and evaluation assets	(137,042)	(246,302)	(790,422)	(246,302)
Regulatory and transfer agent	31,193	26,168	51,079	42,637
Salaries, benefits, and directors' fees (note 7)	76,027	71,308	183,818	169,025
Share-based compensation (notes 6 and 7)	-	-	448,259	-
Travel	21,557	24,338	68,493	24,338
	<b>(264,697)</b>	<b>(133,249)</b>	<b>(848,771)</b>	<b>(557,862)</b>
<b>Other income (expenses)</b>				
Finance costs (note 5)	(2,732)	-	(9,005)	-
Foreign exchange	23,458	76,790	92,817	124,264
Impairment of exploration and evaluation assets (note 4)	(117)	(5,467)	(19,254)	(321,271)
	<b>20,609</b>	<b>71,323</b>	<b>64,558</b>	<b>(197,007)</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (244,088)</b>	<b>\$ (61,926)</b>	<b>\$ (784,213)</b>	<b>\$ (754,869)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>				
– basic and diluted	<b>71,476,251</b>	<b>57,686,297</b>	<b>71,008,081</b>	<b>57,619,041</b>

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



(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total Shareholders' Equity
	Shares	Amount			
<b>Balance, October 31, 2021</b>	<b>57,295,641</b>	<b>\$ 13,661,888</b>	<b>\$ 2,271,038</b>	<b>\$ (10,157,605)</b>	<b>\$ 5,775,321</b>
Shares issued for non-cash:					
Property acquisition – finders' fees	390,656	52,738	-	-	52,738
Net loss for the period	-	-	-	(754,869)	(754,869)
<b>Balance July 31, 2022</b>	<b>57,686,297</b>	<b>\$ 13,714,626</b>	<b>\$ 2,271,038</b>	<b>\$ (10,912,474)</b>	<b>\$ 5,073,190</b>
<b>Balance, October 31, 2022</b>	<b>69,962,414</b>	<b>\$ 14,905,151</b>	<b>\$ 2,271,038</b>	<b>\$ (11,234,944)</b>	<b>\$ 5,941,245</b>
Shares issued for cash:					
Stock option exercise	45,000	4,320	(1,620)	-	2,700
Shares issued for non-cash:					
Property acquisition – option payment	757,437	181,785	-	-	181,785
Property acquisition – finders' fees	711,400	96,039	-	-	96,039
Share-based compensation	-	-	497,722	-	497,722
Net loss for the period	-	-	-	(784,213)	(784,213)
<b>Balance, July 31, 2023</b>	<b>71,476,251</b>	<b>\$ 15,187,295</b>	<b>\$ 2,767,140</b>	<b>\$ (12,019,157)</b>	<b>\$ 5,935,278</b>

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

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

	Nine months ended July 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (784,213)	\$ (754,869)
Items not affecting cash:		
Depreciation	20,753	1,332
Impairment of exploration and evaluation assets	19,254	321,271
Recoveries of exploration and evaluation assets	(790,422)	(246,302)
Share-based compensation	448,259	-
Changes in non-cash working capital items:		
Receivables	3,379	4,970
Prepaid expenses	(55,971)	23,383
Accounts payable and accrued liabilities	11,954	42,506
Net cash used in operating activities	<u>(1,127,007)</u>	<u>(607,709)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(66,015)	-
Proceeds on sale of exploration and evaluation assets	400,000	-
Option proceeds of exploration and evaluation assets	987,090	854,565
Expenditures on exploration and evaluation assets	<u>(1,114,761)</u>	<u>(756,920)</u>
Net cash from investing activities	<u>206,314</u>	<u>97,645</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued on stock options exercise	2,700	-
Payment of lease liability, principal	<u>(17,995)</u>	<u>-</u>
Net cash used in financing activities	<u>(15,295)</u>	<u>-</u>
<b>Change in cash and cash equivalents for the period</b>	<b>(935,988)</b>	<b>(510,064)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b><u>1,136,196</u></b>	<b><u>858,197</u></b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 200,208</b>	<b>\$ 348,133</b>

Supplemental disclosure with respect to cash flows (note 8)

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Latin Metals Inc. (the “Company” or “Latin Metals”) was incorporated under the laws of the Province of British Columbia, Canada on January 9, 2006. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties located in South America. The Company operates with a Prospect Generator model focusing on the acquisition of prospective exploration properties at a low cost, completing initial evaluation through cost-effective exploration to establish drill targets, and ultimately securing joint venture partners to fund drilling and advanced exploration. Shareholders are exposed to the upside of a significant discovery without the dilution associated with funding the highest-risk drill-based exploration. The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “LMS” as well as on the OTCQB Venture Market under the symbol “LMSQF”.

The head office and principal address of the Company is Suite 890 – 999 West Hastings Street, Vancouver, BC, V6C 2W2, Canada. The registered and records offices of the Company are located at Suite 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

As at July 31, 2023, the Company has working capital of \$111,681 (October 31, 2022 – \$1,002,053) and an accumulated deficit of \$12,019,157 (October 31, 2022 - \$11,234,944). The Company recorded a net loss of \$244,088 for the three months ended July 31, 2023 and a net loss of \$784,213 for the nine months ended July 31, 2023 (three months July 31, 2022 – a net loss of \$61,926, nine months July 31, 2022 – a net loss of \$754,869).

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition thereof.

These interim condensed consolidated financial statements have been prepared under 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 financial resources to sustain operations in the long term. The ability to continue as a going concern remains dependent upon the Company’s ability to obtain the financing necessary to continue to fund its operations. There is no assurance, however, that future financings will 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 Company’s ability to continue as a going concern.

These audited consolidated financial statements do not reflect the adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### Basis of presentation

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The Board of Directors approved the condensed interim consolidated financial statements on September 26, 2023.



(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three and nine months ended July 31, 2023 and 2022**

(Expressed in Canadian dollars)

**2. BASIS OF PREPARATION** *(Cont'd...)*

**Basis of presentation** *(Cont'd...)*

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities recorded at fair value, and include the accounts of the Company and its wholly-owned subsidiaries outlined under principles of consolidation. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Certain prior period amounts within the consolidated statements of loss have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

<b>Subsidiary</b>	<b>Proportion of Ownership Interest</b>	<b>Country of Incorporation</b>	<b>Principle Activity</b>
Cardero Argentina S.A.	100%	Argentina	Exploration
Acrux S.A.	100%	Argentina	Exploration
Asterion S.A.	100%	Argentina	Exploration
Zafiro Mining S.A.C.	100%	Peru	Exploration
1377269 B.C. Ltd.	100%	Canada	Holding
1377258 B.C. Ltd.	100%	Canada	Holding
1054749 B.C. Ltd.	100%	Canada	Holding

The Company consolidates its subsidiaries on the basis that it controls the subsidiary through its ability to govern its financial and operating activities. All intercompany transactions and balances are eliminated on consolidation.

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

**Reporting and functional currency**

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company and its' subsidiaries.

**Material accounting policies**

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited consolidated annual financial statements for the years ended October 31, 2022 and 2021.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**Three and nine months ended July 31, 2023 and 2022**

(Expressed in Canadian dollars)

**2. BASIS OF PREPARATION (Cont'd...)**
**Significant accounting judgments, estimates and assumptions**

Estimates and judgments are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are continuously evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended October 31, 2022, in addition to the estimates and judgements made for the nine-month period ended July 31, 2023 in respect to the fair-value measurement of common shares and warrants issued to the Company in connection with the sale of the El Quemado property (Note 4 (e)).

**3. INVESTMENTS**

The Company's investments consist of common shares and share purchase warrants issued to the Company by South American Lithium Corp. ("SALi"), a privately held corporation, as part of the purchase price of El Quemado project (Note 4(e)).

	<b>Common shares</b>	<b>Warrants</b>	<b>Total</b>
Balance October 31, 2022	\$ -	\$ -	\$ -
Fair value on recognition	500,000	330,779	830,779
Changes in fair value	-	-	-
<b>Balance, July 31, 2023</b>	<b>\$ 500,000</b>	<b>\$ 330,779</b>	<b>\$ 830,779</b>

The common shares are measured at fair value through profit and loss, using Level 3 of the fair value hierarchy inputs. Changes in fair value are recorded in the consolidated statements of loss and comprehensive loss. As at July 31, 2023, the Company held 1,000,000 of SALi's common shares.

The warrants are measured at fair value through profit and loss, with the loss recorded in the consolidated statements of loss and comprehensive loss. The Company used the Black-Scholes option pricing model to calculate the fair value of the SALi's warrants held. The Company used the following weighted average assumptions to fair value the warrants:

SALi warrants fair value assumptions	<b>March 10, 2023 and July 31, 2023</b>
Risk-free interest rate	3.25%
Expected life of options	5
Annualized volatility	100%
Dividend rate	0%

As at July 31, 2023, the Company held 1,000,000 of SALi's share purchase warrants, each warrant entitling the Company to purchase one common share of SALi at \$1.00 until March 10, 2028.

#### 4. EXPLORATION AND EVALUATION ASSETS

##### Title to Mineral Property Interests

Title to mineral property 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 mineral claims. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

##### (a) Salta Properties – Argentina

Salta Properties include three distinctive projects, namely, Organullo property, Ana Maria property, and Trigal property, in which the Company owns 100% interest. The Company acquired 100% interest in the Organullo property from a private vendor in consideration of the issuance of 70,000 common shares. Ana Maria and Trigal properties were acquired through direct staking.

##### Option agreement with AngloGold Ashanti

May 27, 2022, the Company entered into a binding option agreement with AngloGold Argentina Exploraciones S.A. ("AngloGold"), a wholly owned subsidiary of AngloGold Ashanti Ltd. Subsequently, AngloGold provided notice that all conditions precedent have been satisfied, and as a result the Option Agreement's commencement date has been established as June 2, 2022. Under the terms of the Option Agreement, the Company granted to AngloGold the option to earn up to an 80% interest in the Company's Organullo, Ana Maria, and Trigal gold projects located in Salta Province, northwestern Argentina.

Under the terms of the option agreement, AngloGold has been granted the option to earn an initial 75% interest in the Salta Properties by making cash payments to the Company in the aggregate amount of US\$ 2,575,000 and spending an aggregate amount of US\$ 10,000,000 on exploration expenditures related to the Salta Properties within five years of the commencement date.

The terms of the Option are as follows:

<b>Date</b>	<b>Payments in cash to Latin Metals (US\$)</b>	<b>Expenditures commitments (US\$)</b>
On or before June 17, 2022	\$ 275,000 (received)	\$ -
On or before June 2, 2023	100,000 (received)	-
On or before June 2, 2024	150,000	2,000,000
On or before June 2, 2025	200,000	-
On or before June 2, 2026	850,000	4,000,000
On or before June 2, 2027	1,000,000	4,000,000
<b>Total</b>	<b>\$ 2,575,000</b>	<b>\$ 10,000,000</b>

**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)****(a) Salta Properties – Argentina (Cont'd...)**

Upon the fulfilment of the payment obligations and exploration expenditures set forth above, and the delivery by AngloGold to the Company of a notice of exercise of the option and subject to the exercise of Top-Up Right (as defined below), AngloGold and the Company will be deemed to have formed a joint venture (the “Joint Venture”) for the continued exploration, development and, if warranted, commercialization of the Salta Properties, in respect of which the initial participating interests of the parties will be, AngloGold as to 75% and the Company as to 25%.

Upon the exercise of the option, AngloGold may give notice to the Company of its intention to increase its interest in the Salta Properties to 80% (the “Top-Up Right”). The Top-Up Right may be exercised within 150 days of the option exercise date by AngloGold:

- (i) preparing and delivering to the Company an independent Measured and Indicated Mineral Resource estimate prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) on one or more deposits contained within the Projects; and
- (ii) paying to the Company an amount of USD \$4.65 per gold equivalent ounce contained within the Measured and Indicated Mineral Resource estimate.

Upon the exercise of the Top-Up Right, the parties’ interests in the Joint Venture will be adjusted such that the participating interests of the parties will be AngloGold as to 80% and the Company as to 20%.

If and when the parties form the Joint Venture, the provisions of the agreement governing the Joint Venture will be negotiated and settled by the parties and will provide, among other things, that if the participating interest of either party falls below 10%, the interest of such party shall be converted to a 2% net smelter returns royalty (“NSR Royalty”), half of which (being 1%) can be purchased by the other party for USD \$5,000,000 at any time until the date that is three (3) months after a production decision concerning one or more of the Salta Properties has been made.

**(b) Tres Cerros - Argentina**

On February 7, 2019, the Company entered into three definitive option agreements, as amended, pursuant to which the Company was granted options to acquire a 100 % interest, subject to certain royalty conditions, in eight properties as follows:

- 1) Property group 1: the Cerro Bayo, Cerro Bayo Sur and Flora Este properties;
- 2) Property group 2: the Aylen, Aylen Oeste and Pedro properties; and
- 3) Property group 3: the Fiorentina & Fiorentina Norte properties.

On March 23, 2022, the Company terminated its options regarding Property group 2 and Property group 3. The Company considers each property group a separate CGU, and accordingly, in connection with the termination of the option agreements for these two property groups, an impairment loss of \$320,971 was recognized. The Company used Level 3 fair value hierarchy inputs in estimating the impairment of the exploration and evaluation assets.

The exploration and evaluation assets balance within Tres Cerros disclosure as at July 31, 2023 and October 31, 2022 reflects the Company’s retained interest in Property group 1: the Cerro Bayo, Cerro Bayo Sur and Flora Este properties.

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three and nine months ended July 31, 2023 and 2022**

(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS** *(Cont'd...)*

**(b) Tres Cerros – Argentina** *(Cont'd...)*

The Company can earn an initial 80% interest in Property group 1 (the “First Option”), followed by the remaining 20% interest (the “Second Option”), by making staged cash and common shares payments.

Details on the consideration the Company is required to pay and issue shares in respect to the Cerro Bayo, Cerro Bayo Sur and Flora Este properties (Property group 1) is as follows:

<b>Date</b>	<b>Payments in cash (US\$)</b>	<b>Shares</b>	<b>Payments in shares or cash (US\$)</b>	<b>Cumulative earned interest</b>
April 8, 2019	\$ 12,500 (paid)	-	\$ -	-
May 1, 2020	7,500 (paid)	175,000 (issued)	-	-
November 1, 2020	8,750 (paid)	175,000 (issued)	-	-
May 5, 2021	58,750 (paid)	450,000 (issued)	-	-
May 10, 2022 <sup>(1)</sup>	75,000 (paid)	-	77,334 (paid)	35%
May 10, 2023 <sup>(2)</sup>	100,000 (paid)	-	133,577 (paid)	51%
May 10, 2024	200,000	-	182,789	71%
May 10, 2025	500,000	-	253,032	80%
<b>Total</b>	<b>\$ 962,500</b>	<b>800,000</b>	<b>\$ 646,792</b>	<b>80%</b>

<sup>(1)</sup> Total of US\$ 152,334 were paid directly to the underlying owner of the properties by Barrick Gold Corporation pursuant to an earn-in agreement with the Company (see disclosure under section “Earn-in agreement with Barrick Gold Corporation”).

<sup>(2)</sup> Total of US\$ 100,00 were paid directly to the underlying owner of the properties by Barrick Gold Corporation pursuant to an earn-in agreement with the Company (see disclosure under section “Earn-in agreement with Barrick Gold Corporation”). During the nine months ended July 31, 2023, US\$ 133,577 were paid in shares by the Company to the underlying vendors (Note 6).

As part of the earn-in commitment, The Company is required to deliver a technical report in accordance with NI 43-101, with the subject property being the more advanced of the properties.

For a period of 120 days after the exercise of the First Option, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in Property group 1, by making a payment of US \$400,000 cash and a payment of US \$400,000 payable in common shares of the Company, or in cash (at the Company’s option) to the underlying owners. Acquisition of 100% is subject to a 0.75% NSR Royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US \$1,000,000.

*Earn-in agreement with Barrick*

Effective February 25, 2022, the Company and Barrick Gold Corporation (“Barrick”) entered into an earn-in agreement whereby Barrick has the right to acquire up to an 85% interest in the Company’s Property group 1: Cerro Bayo, Cerro Bayo Sur and Flora Este. Barrick’s earn-in right consists of an initial option (the “Barrick First Option”) to acquire a 70% interest in the properties and a second option (the “Barrick Second Option”) to acquire an additional 15% (aggregate 85%) interest.

The properties are currently subject to an underlying option agreement dated February 7, 2019, as amended, pursuant to which the Company has the right to acquire an ultimate 100% interest in the properties.

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three and nine months ended July 31, 2023 and 2022**

(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS** *(Cont'd...)*

**(b) Tres Cerros – Argentina** *(Cont'd...)*

*Earn-in agreement with Barrick Gold Corporation (Cont'd...)*

The earn-in terms for the Barrick First Option (70% interest) and Barrick Second Option (15%) for an aggregate of 85% interest in Property group 1: Cerro Bayo, Cerro Bayo Sur and Flora Este are as follows:

Date	Payments in cash to Latin Metals (US\$)	Exploration expenditures (US\$)	Technical report requirement <sup>(2)</sup>
<b><u>Barrick First Option</u></b>			
February 25, 2022	\$ 150,000 (received)	\$ -	-
On or before February 25, 2023	50,000(received)	-	-
On or before February 25, 2024	50,000	1,000,000 <sup>(1)</sup>	-
On or before February 25, 2025	50,000	-	-
On or before February 25, 2026	75,000	-	-
On or before February 25, 2027	100,000	2,000,000	-
On or before February 25, 2028	125,000	-	-
On or before February 25, 2029	150,000	2,000,000	Preliminary Economic Assessment
	<b>750,000</b>	<b>5,000,000</b>	
<b><u>Barrick Second Option</u></b>			
On or before February 25, 2030	175,000	-	-
On or before February 25, 2031	250,000	-	Prefeasibility Study
	<b>\$ 1,175,000</b>	<b>\$ 5,000,000</b>	

<sup>(1)</sup> US\$1,000,000 is a binding commitment (work or cash in lieu)

<sup>(2)</sup> Preliminary Economic Assessment and Prefeasibility Study prepared in accordance with NI 43-101

The table below represents the payments due under the underlying option agreement for Property group 1, assumed by Barrick:

Date <sup>(1)</sup>	Assumed payments due under underlying option agreement (US\$)
April 20, 2022 <sup>(2)</sup>	\$ 152,334 (received)
April 20, 2023 <sup>(3)</sup>	233,577(received)
April 20, 2024	382,789
April 20, 2025	753,093
Upon the exercise of Company's Second Option with the underlying owners	800,000
<b>Total</b>	<b>\$ 2,321,793</b>

<sup>(1)</sup> Amended on August 10, 2022 to adjust cash payment deadlines to May 5<sup>th</sup> if payment is made directly to Tres Cerros.

<sup>(2)</sup> Total of US\$ 152,334 were paid by Barrick directly to the underlying owner of the properties on behalf of the Company.

<sup>(3)</sup> Total of US\$ 100,000 were paid by Barrick directly to the underlying owner of the properties on behalf of the Company and US\$ 133,577 were paid by Barrick to the Company.

**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**
**(b) Tres Cerros – Argentina (Cont'd...)**
*Earn-in agreement with Barrick Gold Corporation (Cont'd...)*

Barrick may at any time during the term of the earn-in agreement accelerate the timing for payment of any or all cash payments to the Company and the underlying owner of the properties, delivery of technical studies, and incurring exploration expenditures.

Upon the exercise of the Barrick First Option, the Company and Barrick will form a joint venture for the continued exploration, development and, if warranted, mining of Property group 1. The initial participating interests of the parties in the joint venture will be Barrick – 70% and the Company - 30%. If Barrick exercises the Barrick Second Option, the interests of the participants will be Barrick – 85% and the Company - 15%. The party with the majority participating interest will be the operator of Property group 1. Funding of the joint venture's operations will be based on each party's proportionate participating interest, from time to time. Dilution of a party's participating interest will apply in the case of funding shortfalls by either party. If a party's participating interest in the joint venture falls to below 5%, it will be converted into a 1.5% NSR Royalty. The transfer of the NSR Royalty shall be subject to a right of first refusal in favour of the non-diluting party.

**(c) Esperanza – Argentina**

On July 9, 2018, the Company entered into a definitive property option agreement, as amended on June 15, 2019, to acquire a 100% interest in the Esperanza copper-gold porphyry deposit located in the San Juan Province, Argentina.

Under the definitive property option agreement, the Company has the right to earn a 100% interest in the project through the payment of US\$ 2,306,000 and the issuance of common shares in the Company valued at US\$ 500,000 at the time of issuance to the vendor. The definitive property option agreement was amended on May 13, 2021, whereby all cash and share payments after June 14, 2021 are conditional on the granting of a drill permit by the authorities of the Government of the Province of San Juan. On October 19, 2022, the agreement was further amended to state that the permit grant date shall be deemed to be December 31, 2022, unless the permit grant date occurs on or prior to December 1, 2022. As at October 31, 2022 the total amount of cash payments made pursuant to the option agreement was US\$ 623,000. The remaining payments pursuant to the revised payment terms are as follows:

<b>Date</b>	<b>Payments in cash (US\$)</b>	<b>Payments in shares (US\$)</b>
Payments made as at October 31, 2021 and 2022	\$ 623,000 (paid)	\$ -
January 10, 2023	200,000 (paid)	-
June 30, 2023	250,000 (paid)	-
December 31, 2023	350,000	-
June 30, 2024	433,000	250,000
December 31, 2024	450,000	250,000
<b>Total</b>	<b>\$ 2,306,000</b>	<b>\$ 500,000</b>

Upon completion of the option payments and share issuances, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the project, subject to a 2% NSR Royalty to be granted to the vendor. The Company will have a right to buy back 0.5% of the NSR Royalty for US\$1,000,000, at which time the NSR Royalty payable to the vendor shall be 1.5%.



**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**
**(c) Esperanza – Argentina (Cont'd...)**

A finder's fee in the amount of US\$172,800, is payable in common shares of the Company over six years. The total number of common shares issued as at October 31, 2022 for finders fees for Esperanza project was 893,091. During the nine months ended July 31, 2023, the Company issued 711,400 common shares fair valued at \$96,039 (US\$ 70,820) as a final payment in shares of the finder's fee (Note 6 Share capital).

*Earn-in agreement with Libero Copper and Gold Corporation*

On January 20, 2021, the Company signed a binding letter agreement with Libero Copper and Gold Corporation ("Libero"), pursuant to which the Company granted Libero an option to acquire a 70% interest in the Esperanza copper-gold project. On May 26, 2021, and September 28, 2022, the Company and Libero amended the letter agreement to align the schedule of payments with the amended option agreement with the underlying owners and modify the timing of exploration expenditure commitments accordingly.

The amended agreement terms are outlined below:

<b>Date</b>	<b>Cash payments to Latin Metals pursuant to underlying option agreement (US\$)</b>	<b>Cash payments to Latin Metals (US\$)</b>	<b>Exploration expenditures (US\$)</b>
June 14, 2021 <sup>(1)</sup>	\$ 220,000 (received)	\$ -	\$ -
December 15, 2021	-	250,000(received)	-
December 10, 2022	200,000 received)	-	-
June 20, 2023	250,000(received)	-	-
December 20, 2023	350,000	250,000	1,000,000
June 20, 2024	433,000	-	-
December 20, 2024	450,000	-	1,000,000
<b>Total</b>	<b>\$ 1,903,000</b>	<b>\$ 500,000</b>	<b>\$ 2,000,000</b>

<sup>(1)</sup> Under the terms of the underlying option agreement, this payment was made by the Company in Argentinean pesos, thereby the amount paid by Libero to the Company in United States dollars was adjusted accordingly.

Upon the exercise of the option, Libero and the Company will be deemed to have formed a joint venture for the continued exploration and development of the Esperanza project, in respect of which the initial participating interests of the parties shall be Libero as to 70%, and the Company as to 30%.

During the term of the letter agreement before the exercise of the option, if either Libero or the Company acquires an interest in a property located within or partially within the Esperanza project or a 10 km area of interest extending from the outermost exterior boundaries of the project, the non-acquiring party may elect that such additional property be included in the project, in which case the non-acquiring party would be required to reimburse the acquiring party for 70% (Libero) or 30% (the Company) of the acquisition costs of such additional property, as applicable.

In connection with the agreement with Libero, the Company issued 555,000 common shares at \$0.13 as finder's fees.



**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)****(c) Esperanza – Argentina (Cont'd...)***Earn-in agreement with Libero Copper and Gold Corporation (Cont'd...)**Notice of election to participate – Huachi property*

On February 13, 2022, the Company provided Libero with a Notice of Election whereby, pursuant to the letter agreement between the Company and Libero, the Company elects to include any right and interest acquired by Libero in respect to the Huachi property to form part of the Esperanza project for all purposes and be subject to the terms and conditions of the letter agreement between the Company and Libero for Esperanza. The Huachi property is located in the Province of San Juan, Argentina and is contiguous with the Esperanza property.

Pursuant to an option agreement between Libero and a third party, Libero has been granted the irrevocable right and option to acquire a 75% in the Huachi project by incurring work expenditures in an aggregate amount of US\$ 1,000,000 staggered over four years.

The Company will be required to reimburse Libero for 30% of its total cost of the acquisition of Huachi property, when same has been incurred by Libero.

**(d) Mina Angela Property – Argentina**

The Company entered into an acquisition agreement in April 2004, pursuant to which and in consideration of aggregate cash payments to the vendor of US\$400,000, the Company acquired a 100% interest in mineral concessions, known as Mina Angela, in Chubut Province, Argentina, subject to a 1% NSR Royalty to the vendor.

On August 2, 2019, the Company signed an offer letter with Patagonia Gold Corp. (“Patagonia”) to option out the Mina Angela property. On September 12, 2020, the Company signed a definitive option agreement with Patagonia under the terms of which Patagonia is granted an irrevocable option to acquire a 100 % interest in the Mina Angela property.

On March 12, 2021, the Company received an option exercise notice from Patagonia and on April 7, 2021, the Company received US\$250,000 from Patagonia on closing of the Mina Angela property transfer to Patagonia. As of October 31, 2022 and 2021, the Company received in aggregate USD\$590,000 from Patagonia, pursuant to the option agreement for Mina Angela.

Following the exercise of the option by Patagonia, the Company is entitled to receive a 1.25% NSR Royalty on any future production from the Mina Angela property, half of which royalty can be repurchased by Patagonia from the Company at any time for cash consideration of US\$1,000,000. In addition, the Company is entitled to receive US\$500,000 from Patagonia within thirty days of verification, to Patagonia’s satisfaction, that the legal restrictions preventing development of mining activity in the Chubut Province and at the Mina Angela property have been lifted.

**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)****(e) El Quemado – Argentina**

On September 18, 2018, the Company met all of the requirements to exercise the option to acquire 100% interest in El Quemado by issuing an aggregate amount of 625,000 common shares over a period of two years and has earned a 100% legal and beneficial interest in the El Quemado project, subject to a 2% NSR Royalty to be granted to the vendor. During the year ended October 31, 2022, the Company and the vendor agreed to extinguish the 2% NSR Royalty for a cash payment of 1,500,000 Argentinian pesos (\$16,207) made by the Company to the vendor.

On March 3, 2023, the Company announced sale of a 100% interest in the El Quemado project to SALi. The consideration consists of \$400,000 in cash and 1,000,000 units in the capital of SAL. Each unit consists of 1,000,000 common shares issued at a deemed price of \$0.50, and 1,000,000 share purchase warrants exercisable at \$1.00 for a period of 5 years (Note 3).

The Company retains a 2% NSR Royalty on the project. One half of the 2% NSR Royalty can be purchased at any time prior to production by SALi from the Company for US\$3,000,000 cash payment.

**(f) Mirador – Argentina**

The Company acquired Mirador sedimentary copper property by staking. The 100% owned property consists of 99,000 hectares and is located approximately 110 km by road from Salta, Argentina.

**(g) Solario – Argentina and Ventana - Argentina**

During the nine months ended Jul 31, 2023, the Company acquired a 100% interest in Solario copper project and a 100% interest in Ventana project from two private companies. The two projects cover approximately 346,000 hectares in Salta and are adjacent to the Company's Mirador project.

**(h) Lacsha Property – Peru**

The Company acquired the Lacsha copper property by staking. The 100% owned property consists of 4,000 hectares and is located in the northern Lima-Ica portion of the Coastal Copper Belt, 110 km from Lima, Peru.

**(i) Auquis Property – Peru**

The Company acquired the Auquis copper property by staking. The 100% owned property consists of 3,600 hectares and is located in the northern Lima-Ica portion of the Coastal Copper Belt, 377 km south of Lima Peru.

**(j) Jacha Property – Peru**

The Company acquired the Jacha copper property by staking. The 100% owned property consists of 2,200 hectares and is located 150 km from Cuzco.

**(k) Yanba Property – Peru**

The Company acquired the Yanba copper property by staking. During the nine months ended July 31, 2023, the Company decided to relinquish the Yanba property claims, and in connection with this the Company recorded an impairment loss of \$19,254.

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**Three and nine months ended July 31, 2023 and 2022**

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**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**

**(l) Lolli, Tilo, Para Property group – Peru**

The Company acquired the three copper exploration projects by staking. The 100% owned projects cover 5,000 hectares and are located in the Coastal Copper Belt, Peru. The projects are located approximately 130 km southwest of the Company's Lacsha copper project.

**(m) Exploration and evaluation assets continuity**

	ARGENTINA	PERU	TOTAL
<b>Balance, October 31, 2021</b>	<b>\$ 4,536,533</b>	<b>\$ 443,220</b>	<b>\$ 4,979,753</b>
<i>Acquisition costs</i>			
Shares issued for finder's fees, fair value	52,738	-	52,738
Option proceeds	(922,743)	-	(922,743)
Claim maintenance and legal fees	242,995	26,073	269,068
Total acquisition costs (proceeds) for the year	(627,010)	26,073	(600,937)
<i>Exploration costs</i>			
Community relations	-	40,651	40,651
Field expenses, incl. support contractors	-	158,608	158,608
Geological consulting	8,937	270,442	279,379
Geochemical	-	40,111	40,111
Geophysical	-	62,883	62,883
Total exploration costs for the year	8,937	572,695	581,632
Recovery	265,837	-	265,837
Impairment	(320,971)	-	(320,971)
<b>Balance, October 31, 2022</b>	<b>\$ 3,863,326</b>	<b>\$ 1,041,988</b>	<b>\$ 4,905,314</b>
<i>Acquisition costs</i>			
Shares issued for option payment, fair value	181,785	-	181,785
Shares issued for finder's fees, fair value	96,039	-	96,039
Option payments and claim staking	656,336	-	656,336
Option proceeds	(853,340)	-	(853,340)
Sale proceeds	(1,230,779)	-	(1,230,779)
Claim maintenance and legal fees	29,610	57,033	86,643
Total acquisition costs(proceeds) for the period	(1,254,099)	57,033	(1,197,066)
<i>Exploration costs</i>			
Community relations	-	14,849	14,849
Field expenses, incl. support contractors	3,151	67,175	70,326
Geological consultants and contractors	11,305	217,099	228,404
Geochemical	-	22,821	22,821
Share-based compensation	-	49,463	49,463
IVA non-refundable	-	24,508	24,508
Total exploration costs for the period	14,456	395,915	410,371
Recovery	790,422	-	790,422
Impairment	-	(19,254)	(19,254)
<b>Balance, July 31, 2023</b>	<b>\$ 3,414,105</b>	<b>\$ 1,475,682</b>	<b>\$ 4,889,787</b>

(An Exploration Stage Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**

**(m) Exploration and evaluation assets continuity (Cont'd...)**

ARGENTINIAN EXPLORATION PROPERTIES	Salta Properties	Tres Cerros	Esperanza	El Quemado	Mirador	Solario and Ventana	TOTAL Argentina
<b>Balance, October 31, 2021</b>	<b>\$ 36,309</b>	<b>\$ 602,996</b>	<b>\$ 3,296,305</b>	<b>\$ 600,923</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,536,533</b>
<i>Acquisition costs</i>							
Shares issued, fair value	-	174,000	-	-	-	-	<b>174,000</b>
Shares issued for finder's fees, fair value	-	-	93,893	-	-	-	<b>93,893</b>
Option payments	-	221,703	294,697	-	-	-	<b>516,400</b>
Option proceeds	(345,510)	(191,205)	(317,850)	(68,178)	-	-	<b>(922,743)</b>
Claim maintenance and legal fees	43,364	155,431	11,460	32,740	-	-	<b>242,995</b>
Total acquisition costs (proceeds) for the year	(302,146)	35,774	(253,652)	(35,438)	-	-	<b>(627,010)</b>
<i>Exploration costs</i>							
Geological consulting	-	8,937	-	-	-	-	<b>8,937</b>
Total exploration costs for the year	-	8,937	-	-	-	-	<b>8,937</b>
Recovery	265,837	-	-	-	-	-	<b>265,837</b>
Impairment	-	(320,971)	-	-	-	-	<b>(320,971)</b>
<b>Balance, October 31, 2022</b>	<b>\$ -</b>	<b>\$ 255,188</b>	<b>\$ 3,042,653</b>	<b>\$ 565,485</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,863,326</b>
<i>Acquisition costs</i>							
Shares issued for option payment, fair value	-	181,785	-	-	-	-	<b>181,785</b>
Shares issued for finder's fees, fair value	-	-	96,039	-	-	-	<b>96,039</b>
Option payments and claims staking	-	-	604,765	-	38,636	12,935	<b>656,336</b>
Option proceeds	(133,750)	(249,650)	(603,690)	-	-	-	<b>(987,090)</b>
Sale proceeds	-	-	-	(1,230,779)	-	-	<b>(1,230,779)</b>
Claim maintenance and legal fees	-	9,866	11,122	8,622	-	-	<b>29,610</b>
Total acquisition costs (proceeds) for the period	(133,750)	(57,999)	108,236	(1,222,157)	38,636	12,935	<b>(1,254,099)</b>
<i>Exploration costs</i>							
Geological consulting	-	-	-	-	8,005	6,451	<b>14,456</b>
Total exploration costs for the period	-	-	-	-	8,005	6,451	<b>14,456</b>
Recovery	133,750	-	-	656,672	-	-	<b>790,422</b>
<b>Balance, July 31, 2023</b>	<b>\$ -</b>	<b>\$ 197,189</b>	<b>\$ 3,150,889</b>	<b>\$ -</b>	<b>\$ 46,641</b>	<b>\$ 19,386</b>	<b>\$ 3,414,105</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**4. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**

**(m) Exploration and evaluation assets continuity (Cont'd...)**

<b>PERUVIAN EXPLORATION PROPERTIES</b>	<b>Lacsha</b>	<b>Auquis</b>	<b>Jacha</b>	<b>Yanba</b>	<b>Lolli, Tilo, Para</b>	<b>Total Peru</b>
<b>Balance, October 31, 2021</b>	<b>\$ 286,120</b>	<b>\$ 75,184</b>	<b>\$ 46,027</b>	<b>\$ 15,996</b>	<b>\$ 19,893</b>	<b>\$ 443,220</b>
<i>Acquisition costs</i>						
Claim maintenance and legal fees	7,547	13,585	-	-	4,941	<b>26,073</b>
Total acquisition costs for the year	7,547	13,585	-	-	4,941	<b>26,073</b>
<i>Exploration costs</i>						
Community relations	38,631	2,020	-	-	-	<b>40,651</b>
Field expenses	110,059	43,372	3,892	1,214	80	<b>158,609</b>
Geological consulting	173,086	84,895	5,647	402	6,412	<b>270,442</b>
Geochemical	21,038	19,073	-	-	-	<b>40,111</b>
Geophysical	62,883	-	-	-	-	<b>63,883</b>
Total exploration costs for the year	405,688	149,360	9,539	1,616	6,492	<b>572,695</b>
<b>Balance, October 31, 2022</b>	<b>\$ 699,355</b>	<b>\$ 238,129</b>	<b>\$ 55,566</b>	<b>\$ 17,612</b>	<b>\$ 31,326</b>	<b>\$ 1,041,988</b>
<i>Acquisition costs</i>						
Claim maintenance and legal fees	25,443	2,481	-	-	29,109	<b>57,033</b>
Total acquisition costs for the period	25,443	2,481	-	-	29,109	<b>57,033</b>
<i>Exploration costs</i>						
Community relations	5,579	6,984	-	-	2,286	<b>14,849</b>
Field expenses, incl. support contractors	12,797	34,964	-	-	19,414	<b>67,175</b>
Geological consulting	46,681	101,353	-	1,541	67,524	<b>217,099</b>
Geochemical	-	6,117	-	-	16,704	<b>22,821</b>
Share-based compensation	24,732	24,731	-	-	-	<b>49,463</b>
IVA non-refundable	5,942	9,599	-	101	8,866	<b>24,508</b>
Total exploration costs for the period	95,731	183,748	-	1,642	114,794	<b>395,915</b>
Impairment	-	-	-	(19,254)	-	<b>(19,254)</b>
<b>Balance, July 31, 2023</b>	<b>\$ 820,529</b>	<b>\$ 424,358</b>	<b>\$ 55,566</b>	<b>\$ -</b>	<b>\$ 175,229</b>	<b>\$ 1,475,682</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**5. LEASE LIABILITY**

The Company recognized ROU assets in respect to long-term office lease (Note 7). The Company is utilizing an incremental borrowing rate of 18% for calculating office lease liabilities and ROU assets.

<b>Lease liabilities</b>	<b>July 31, 2023</b>	<b>October 31, 2022</b>
Opening balance	\$ 77,498	\$ -
Additions	-	82,980
Lease payments	(27,000)	(9,000)
Lease interest	9,005	3,518
<b>Ending balance</b>	<b>\$ 59,503</b>	<b>\$ 77,498</b>
Current portion	28,070	\$ 22,174
Long-term portion	31,433	55,324
	<b>\$ 59,503</b>	<b>\$ 77,498</b>

<b>Lease liabilities</b>	<b>July 31, 2023</b>	<b>October 31, 2022</b>
<i>Contractual undiscounted cash flows:</i>		
Less than one year	\$ 36,000	\$ 36,000
One+ to five years	36,000	63,000
<b>Total undiscounted lease liabilities</b>	<b>\$ 72,000</b>	<b>\$ 99,000</b>

**6. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

Unlimited number of voting common shares without nominal or par value.

**Share issuances**

*Nine months ended July 31, 2023*

On February 28, 2023, the Company issued 757,437 common shares fair-valued at \$0.24 per share for a total of \$181,785 (US\$ 133,577) for option payment on Tres Cerros property (note 4(c) – Tres Cerros– Argentina). The fair value per share was based on the listed market price of the Company’s common shares at the date of issuance of the shares.

On February 17, 2023, the Company issued 45,000 shares pursuant to the exercise of 45,000 stock options at an exercise price of \$0.06 for gross proceeds of \$2,700. The Company transferred \$1,620 from equity reserves to share capital upon the exercise of the stock options.

On December 15, 2022, the Company issued 711,400 common shares for the last tranche of a finders’ fee on a property acquisition, fair-valued at \$0.135 per share for a total of \$96,039 (US\$ 70,820) (note 4(d) – Esperanza – Argentina). The fair value per share was based on the listed market price of the Company’s common shares at the last trading date immediately preceding the date of issuance.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**6. SHARE CAPITAL AND RESERVES (Cont'd...)**

*Nine months ended July 31, 2022*

**Share issuances (Cont'd...)**

During the nine months ended July 31, 2022, the Company issued 390,656 common shares for a property acquisition finders' fee, fair-valued at \$0.135 per share for a total of \$52,738 (US\$ 41,260) (note 4(d) – Esperanza – Argentina). The fair value per share was based on the listed market price of the Company's common shares at the date of issuance.

**Stock options**

The Company has adopted an incentive stock option plan, as amended, which provides that the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Such options will be exercisable for a period of up to five years from the date of grant. Vesting of stock options is at the discretion of the Board of Directors.

Stock option transactions for the nine months ended July 31, 2023 and for the year ended October 31, 2022 are summarized as follows:

	July 31, 2023		October 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the year	5,470,000	\$ 0.13	5,470,000	\$ 0.13
Granted	5,030,000	\$ 0.13	-	\$ -
Exercised	(45,000)	\$ 0.06	-	\$ -
Expired	(4,150,000)	\$ 0.13	-	\$ -
Options outstanding, end of the year	6,305,000	\$ 0.13	5,470,000	\$ 0.13

As at July 31, 2023, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

Number of shares	Exercise price per option	Expiry Date	Remaining life in years
70,000	\$0.14	August 31, 2023	0.1
100,000	\$0.14	October 1, 2023	0.2
150,000	\$0.16	January 13, 2024	0.5
955,000	\$0.15	October 20, 2024	1.2
1,700,000	\$0.13	November 14, 2025	2.3
3,330,000	\$0.13	December 8, 2025	2.4
6,305,000	\$0.13		2.1

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For the three and nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars)

**6. SHARE CAPITAL AND RESERVES (Cont'd...)**

**Stock options (Cont'd...)**

The weighted average remaining contractual life of options outstanding at July 31, 2023 was 2.1 (October 31, 2022 – 0.4) years.

During the three and nine months ended July 31, 2023, the Company granted nil and 5,030,000 stock options, respectively, fair-valued at a weighted average fair value of \$0.10 per option. Share-based compensation expense for the three and nine months ended July 31, 2023 was \$nil and \$497,722 respectively, of which \$nil and \$49,463 respectively was allocated to exploration and evaluation assets.

No stock options have been granted during the three and nine months ended July 31, 2022.

The Company uses the Black-Scholes option pricing model to fair-value stock options granted and compensatory warrants issued. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to fair-value stock options granted during the nine months ended July 31, 2023:

Stock options fair value assumptions	Nine months ended July 31, 2023
Risk-free interest rate	3.62%
Expected life of options	3
Annualized volatility	114%
Dividend rate	0%
Forfeiture rate	0%

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected life of options is the average expected period to exercise. Volatility is based on available historical volatility of the Company's share price.

**Warrants**

The following common share purchase warrants entitle the holders thereof to purchase one common share for each warrant.

Warrants transactions for the nine months ended July 31, 2023 and the year ended October 31, 2022 are summarized as follows:

	July 31, 2023		October 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the period	16,609,450	\$ 0.21	4,605,679	\$ 0.24
Issued	-	\$ -	12,276,117	\$ 0.20
Expired	-	\$ -	(272,346)	\$ 0.15
Warrants outstanding, end of the period	16,609,450	\$ 0.21	16,609,450	\$ 0.21



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(Expressed in Canadian dollars)

**6. SHARE CAPITAL AND RESERVES (Cont'd...)**

**Warrants (Cont'd...)**

Warrants outstanding as at July 31, 2023 are as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
4,333,333	\$ 0.25	October 7, 2023
12,276,117	\$ 0.20	October 31, 2025
16,609,450	\$ 0.21	

The weighted average remaining contractual life of warrants outstanding at July 31, 2023, was 1.6 years (October 31, 2022 – 2.5 years).

**7. RELATED PARTY TRANSACTIONS**

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing, and have no specific terms of settlement, unless otherwise noted.

**Key management personnel compensation**

The Company's key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management personnel comprise officers and directors of the Company. Key management personnel compensation is as follows:

	<b>Three months ended July 31,</b>		<b>Nine months ended July 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Directors' fees, salaries and benefits	\$ 73,562	\$ 64,750	\$ 168,562	\$ 147,750
Consulting fees <sup>1</sup>	27,570	21,800	66,854	55,400
Share-based compensation	-	-	336,476	-
	<b>\$ 101,132</b>	<b>\$ 86,550</b>	<b>\$ 571,892</b>	<b>\$ 203,150</b>

<sup>1</sup> Fees paid to a corporation for personnel that is acting as key management of the Company.

As at July 31, 2023 the Company had amounts payable to key management personnel of \$25,935 included in accounts payable and accrued liabilities (October 31, 2022 - \$28,947).

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended July 31, 2023 and 2022.

**Office lease agreement**

Effective August 1, 2022, the Company entered into an office sub-lease agreement with a term of three years, with Velocity Minerals Ltd. ("Velocity"). The Company and Velocity share a common officer and director. Prior to this agreement, the Company reimbursed Velocity for office rent on a month-to-month basis with no fixed term commitment.

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**7. RELATED PARTY TRANSACTIONS** *(Cont'd...)*

**Office lease agreement** *(Cont'd...)*

	Three months ended July 31,			Nine months ended July 31,		
	2023	2022		2023	2022	
Rent	\$ 9,000	\$ -	\$	27,000	\$ -	\$

As at July 31, 2023 the Company had amounts payable to Velocity of \$12,513 included in accounts payable (October 31, 2022 - \$nil).

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	Nine months ended July 31,	
	2023	2022
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Net change in accounts payable and accrued liabilities included in exploration and evaluation assets	(10,874)	(805)
Share based compensation included in exploration and evaluation assets	49,463	-
Fair value of shares issued for finder's fees – Esperanza project	96,039	52,738
Fair value or shares and warrants received on sale of El Quemado	830,779	-

**9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL**

**Fair value**

The fair values of the Company's receivables, net of input tax credits, and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature.

**Fair value hierarchy**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents have been fair valued using Level 1 of the fair value hierarchy.

The Company's investments (common shares and warrants) have been fair valued using Level 3 of the fair value hierarchy.

**9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL (Cont'd...)****Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and receivables. Cash and cash equivalents are maintained with financial institutions of reputable credit and are redeemable on demand. The carrying amount of receivables, represents the maximum credit exposure.

*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 is engaged in ongoing evaluation of opportunities to improve its financial position which includes, but is not limited to, additional equity financings, obtaining exploration partners and/or the sale of assets. At July 31, 2023, the Company has working capital of \$111,681 (October 31, 2022 -\$1,002,053). At July 31, 2023, the Company had accounts payable and accrued liabilities of \$225,235 (October 31, 2022 - \$224,155) due within 90 days and a short-term lease liability balance of \$28,070 (October 31, 2022 - \$22,174).

*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.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt subject to variable interest. Accordingly, the Company does not believe it is exposed to significant interest rate risk on its cash balances which are held in accounts subject to variable rates.

*Foreign exchange risk*

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States, Argentinean and Peruvian currencies. The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profit or loss of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

*Price risk*

The Company is exposed to price risk with respect to commodity prices, particularly those included in its exploration and evaluation asset portfolio. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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**9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL (Cont'd...)**

**Management of capital**

The Company's objectives in managing its capital (items included in shareholders' equity) are to fund acquisition, exploration and development of its exploration and evaluation assets and to meet its administrative and corporate activities to ensure that the Company continues as a going concern.

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has historically relied on equity financings to raise sufficient funds to carry out its exploration and acquisition activities and pay its administrative costs. Therefore, the Company intends to raise additional funds as required to carry out its planned activities.

The Company manages the capital structure and makes appropriate adjustments to it based upon 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 and acquire or dispose of assets. In order to manage its capital requirements management has put into place a planning and budgeting process.

The Company is not subject to any externally imposed capital requirements or restrictions, and there were no changes to the Company's approach to managing capital during the three and nine months ended July 31, 2023.

**10. SEGMENTED INFORMATION**

The Company operates in one industry segment, the mineral resources industry, and in three geographical segments, Canada, Argentina and Peru. The significant long-term asset categories identifiable with these geographical areas are as follows:

		<b>July 31, 2023</b>			
		<b>Canada</b>	<b>Argentina</b>	<b>Peru</b>	<b>Total</b>
Exploration and evaluation assets	\$	-	\$ 3,414,105	\$ 1,475,682	\$ 4,889,787
Property and equipment		64,087	5,786	64,591	134,464
<b>Total long-term assets</b>	<b>\$</b>	<b>64,087</b>	<b>\$ 3,419,891</b>	<b>\$ 1,540,273</b>	<b>\$ 5,024,251</b>

  

		<b>October 31, 2022</b>			
		<b>Canada</b>	<b>Argentina</b>	<b>Peru</b>	<b>Total</b>
Exploration and evaluation assets	\$	-	\$ 3,863,326	\$ 1,041,988	\$ 4,905,314
Property and equipment		79,886	5,804	3,512	89,202
<b>Total long-term assets</b>	<b>\$</b>	<b>79,886</b>	<b>\$ 3,869,128</b>	<b>\$ 1,045,502</b>	<b>\$ 4,994,516</b>

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**11. SUBSEQUENT EVENT**

On August 24, 2023, the Company disclosed that it had secured loans in the amount of \$600,000, subject to acceptance of the TSX Venture Exchange. The loans have a one-year term and bear interest at the rate of 10% per annum, compounded annually. The Company agreed to issue 6,000,000 bonus common-share purchase warrants to the lenders each of which warrants entitling the holder to purchase one common share of the Company for a period of one year at an exercise price of \$0.10 per share.