Sierra Grande Minerals Inc.

Consolidated Financial Statements

Years Ended December 31, 2022, and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Sierra Grande Minerals Inc.

Opinion

We have audited the consolidated financial statements of Sierra Grande Minerals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
April 29, 2023

SIERRA GRANDE MINERALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

December 31,		**2022**	**2021**
	Notes	**$**	**$**
ASSETS			
Current Assets			
Cash		1,230,702	74,831
Sales tax receivable		20,762	18,944
Note receivable	7,10	50,000	-
		1,301,464	93,775
Exploration and evaluation assets	4	925,630	420,932
TOTAL ASSETS		2,227,094	514,707
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	5,7	123,357	44,894
TOTAL LIABILITIES		123,357	44,894
SHAREHOLDERS' EQUITY			
Share capital	6,7	14,196,272	12,158,372
Reserves	6	4,617,643	4,615,058
Deficit		(16,710,178)	(16,303,617)
TOTAL EQUITY		2,103,737	469,813
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,227,094	514,707

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

Nature and continuance of operations	1
Subsequent events	4, 10 & 11
Contingency	12

Approved on Behalf of the Board

"Sonny Janda"
Sonny Janda, Director

"Shaun Dykes"
Shaun Dykes, Director

SIERRA GRANDE MINERALS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

Year ended December 31,		2022	2021
	Notes	$	$
Operating expenses			
Advertising and promotion		8,083	68,148
Exploration - general		-	10,100
Filing and transfer fees		39,664	73,765
Foreign exchange gain		(65,952)	(3,876)
Management and consulting	7	311,843	222,705
Office and miscellaneous		43,649	54,537
Professional fees		66,689	56,224
Share-based compensation	6,7	2,585	243,905
		406,561	725,508
Other income			
Gain on disposition of subsidiaries	2	-	(31,495)
Gain on accounts payable settlement	5	-	(84,008)
Net loss and comprehensive loss		(406,561)	(610,005)
Basic and diluted loss per share		(0.02)	(0.06)
Weighted average number of shares outstanding- basic and diluted		22,705,810	10,354,791

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

SIERRA GRANDE MINERALS INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars, except share number)

	Share Capital					
	Number	**Amount**	**Option**	**Warrant**	**Deficit**	**Total**
		$	$	$	$	$
Balance at December 31, 2020	8,221,416	11,414,732	2,916,403	1,454,750	(15,693,612)	92,273
Share issued for cash	2,503,800	743,640	-	-	-	743,640
Share-based compensation	-	-	243,905	-	-	243,905
Net loss for the year	-	-	-	-	(610,005)	(610,005)
Balance at December 31, 2021	10,725,216	12,158,372	3,160,308	1,454,750	(16,303,617)	469,813
Share issued for cash	13,535,999	2,030,400	-	-	-	2,030,400
Shares issued for services	50,000	7,500				7,500
Share-based compensation	-	-	2,585	-	-	2,585
Net loss for the year	-	-	-	-	(406,561)	(406,561)
Balance at December 31, 2022	24,311,215	14,196,272	3,162,893	1,454,750	(16,710,178)	2,103,737

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

SIERRA GRANDE MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Year ended December 31,	**2022**	**2021**
	$	**$**
Operating activities		
Net loss for the year	(406,561)	(610,005)
Adjustments for non-cash items		
Gain on disposition of subsidiaries	-	(31,495)
Gain on payable settlement	-	(84,008)
Share-based compensation	2,585	243,905
Shares for services	7,500	-
Changes in non-cash working capital items		
Receivables	(1,818)	(12,282)
Trade payables and accrued liabilities	78,463	9,971
Net cash flows used in operating activities	(319,831)	(483,914)
Investing activities		
Exploration and evaluation assets	(504,698)	(420,932)
Deposit	-	(12,700)
Note receivable	(50,000)	-
Net cash flows used in investing activities	(554,698)	(408,232)
Financing activities		
Proceeds from issuance of common shares	2,030,400	743,640
Net cash flows from financing activities	2,030,400	743,640
Change in cash during the year	1,155,871	(148,506)
Cash, beginning of year	74,831	223,337
Cash, end of year	1,230,702	74,831

Non-Cash Transactions

During the year ended December 31, 2022 the Company issued 50,000 common shares (2021 – $Nil) for services with a fair value of $7,500 (2021 - $Nil)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Grande Minerals Inc. (the "Company") was incorporated under the laws of the province of Ontario on November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia.

The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "GVG" as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol "F91Q". Commencing June 18, 2021, the Company's shares began to trade on the OTCQB Venture Market ("OTCQB") in the United States under the symbol "SIERF".

On March 4, 2022, the Company consolidated its common shares on a 5-1 basis. The presentation of number of outstanding shares, loss per share, exercise price of options and warrants have been adjusted retrospectively in these financial statements and accompanying notes.

The head office, principal address and records office of the Company are 9648-128th Street, Suite 210, Surrey, BC V3T 2X9.

These financial statements have been prepared on the assumptions that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations as at December 31, 2022. The Company had not advanced its mining properties to commercial production and has incurred operating losses since inception of its business. The Company's continuation as a going concern is dependent upon the successful results from its exploration, its ability to attain profitable operations and generate funds from equity, and debt financing to meet its obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements and debt financing from related parties. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumptions inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC")

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 29, 2023.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except if otherwise noted. In addition, these financial statements have been prepared using the accrual basis of accounting.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage Owned	
	Country of Incorporation	December 31, 2022	December 31, 2021
Minera Grenville S.A.C.	Peru	100%	100%
Sierra Capital Inc.[(i)]	Nevada, USA	100%	100%
1202745 BC Ltd.	BC, Canada	100%	100%

[(i)]Sierra Capital, Inc. is a dormant subsidiary to hold the title of the Company's mineral interests located in the USA.

During the year ended December 31, 2021, the Company disposed various dormant subsidiaries. As a result, the Company has recognized a gain of $31,495.

Inter-company balances and transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by GFG and are deconsolidated from the date that control ceases.

Functional Currency

These financial statements are presented in Canadian dollars, which is also the Company's and all its subsidiaries' functional currency, unless otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates.

2. BASIS OF PRESENTATION (Continued)

Significant Judgements and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are adjusted for prospectively in the period in which the estimates are raised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the following:

- classification/allocation of expenditures as exploration and evaluation expenditures of operation expenses;
- exploration and evaluation asset impairment assessment; and
- recognition and measurement of deferred tax assets and liabilities.

The most significant judgments in applying the Company's consolidated financial statements include the following:

- assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- determination of functional currency of the Company and its subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate of the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Exchange differences arising on the translation of the monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures including the costs of acquiring licenses and costs associated with exploration and evaluation activities are capitalized by property. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are reviewed for impairment if facts or circumstances indicate that impairment exists considering the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and test that asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets in which it has an interest, however these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of each separately identifiable asset or cash generating unit is estimated in order to determine the extent of the impairment loss. An impairment loss is charged against profit or loss whenever the carrying amount exceeds its recoverable amount.

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

An impairment loss is only reversed if there is an indication that the loss may no longer exist and there has been a change in the estimates and used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized, net of depreciation, for the asset in previous years.

Assets that have an indefinite life are not subject to amortization and are tested annually for impairment.

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related exploration and evaluation assets along with a corresponding increase in the restoration 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 Company currently has no measurable restoration and environmental obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the stock options granted and recognized over the vesting periods. Share-based payments to non-employees are measured at fair value of goods or services received or the fair value of the equity instruments issued, if it is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which stock options are granted. At each reporting date, the amount recognized as expense is adjusted to reflect the actual number of stock options that are expected to vest.

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. As at December 31, 2022 the Company's diluted loss per share was the same as the basic loss per share as the Company did not have any outstanding options and warrants.

Financial Instruments

Financial Instruments are accounted for in accordance with IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Note receivable	Amortized cost
Trade payables	Amortized cost

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets are classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL

Impairment of Financial Assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable is classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unit Issuance

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recorded by providing for temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards Issued But Not Yet Affective
At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company.

IAS 1, Presentation of Financial Statements
The IASB issued an amendment to IAS 1, Presentation of Financial Statements, to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically for the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This amendment includes:

- Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Clarifying how lending conditions affect classification; and
- Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity investments.

The amendment is effective for annual periods beginning on or after January 31, 2023. The Company expects no impact to the financial statements as a result of this amendment.

The new standards and interpretations that have been issued are not expected to have a material impact on the Company's financial statements. Management anticipates that any relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Continuity of the Company's exploration and evaluation assets are as follow:

	Giltra/Sat	B&C Springs	Betty East	Total
	$	$	$	$
Balance, December 31, 2020	-			-
Acquisition	57,173	21,440	28,587	107,200
New claims staking	58,713	20,752	16,197	95,662
Deferred exploration cost:				
Permit renewal	11,841	14,425	4,306	30,572
Geophysical analysis	115,078	40,674	31,746	187,498
Balance, December 31, 2021	242,805	97,291	80,836	420,932
Acquisition – option payments	51,580	25,790	32,238	109,608
Acquisition - new claims staking	-	130,571	8,545	139,116
Deferred exploration cost:				
Permit renewal and maintenance	28,638	51,459	7,100	87,197
Geophysical analysis	5,011	12,169	1,273	18,453
Surveying	43,844	106,480	-	150,324
Balance, December 31, 2022	371,878	423,760	129,992	925,630

During the year ended December 31, 2021, the Company entered into definitive mining lease-purchase agreements with Primus Resources LLC (the "Primus Agreements"), a Nevada-based privately held company, whereby the Company has secured the rights to earn an 100% interest in 3 epithermal gold-silver properties (Giltra/Sat; B&C Springs/Mildred; Betty East) in the State of Nevada, U.S.A (collectively the "Properties").

Giltra/Sat Property
The terms of the lease payments and work commitments are as follows:

Term	Cash Payments USD$	Work Commitments USD$	Share Payments
At closing (paid)	$40,000	-	-
March 1, 2022 (paid)	$40,000	-	-
March 1, 2023	$50,000	$75,000	100,000 shares
March 1, 2024	The greater of $50,000 and 29 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

The Company has an option to buy the 100% interest in the Giltra/Sat property with all the annual lease payments including cash and share payments plus the greater of USD$395,000 and 232 ounces of gold.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

B&C Springs/Mildred Property

The terms of the lease payments and work commitments are as follows:

Term	Cash Payments USD$	Work Commitments USD$	Share Payments
At closing (paid)	$15,000	-	-
March 1, 2022 (paid)	$20,000	-	-
March 1, 2023	$30,000	$75,000	100,000 shares
March 1, 2024	The greater of $40,000 and 24 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

The Company has an option to buy the 100% interest in the B&C Springs/Mildred property with all the annual lease payments including cash and share payments plus the greater of USD$295,000 and 174 ounces of gold.

Betty East Property

The terms of the lease payments and work commitments are follows:

Term	Cash Payments USD$	Work Commitments USD$	Share Payments
At closing (paid)	$20,000	-	-
March 1, 2022 (paid)	$25,000	-	-
March 1, 2023	$30,000	$75,000	100,000 shares
March 1, 2024	The greater of $50,000 and 29 ounces of gold	$150,000	100,000 shares
March 1, 2025	The greater of $50,000 and 29 ounces of gold	$225,000	100,000 shares
March 1, 2026	The greater of $50,000 and 29 ounces of gold	$350,000	100,000 shares

The Company has an option to buy the 100% interest in the Betty East property with all the annual lease payments including cash and share payments plus the greater of USD$275,000 and 162 ounces of gold.

As of the audit report date, the Company is in the process of renegotiating the terms of the Primus Agreements pertaining to the Giltra/Sat, B&C Spring/Mildred and Betty East properties and therefore has not made the payments due on March 1, 2023. The Primus Option Agreements remain in good standing.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Silveria Property

During the year ended December 31, 2020, the Company entered into an agreement with Consorcio De Ingenieros Ejecutores Mineros S.A., a private Peruvian company ("CIEMSA") and sold its Silveria mining concessions located in Peru to CIEMSA.

On February 20, 2023, the Company entered into an amended agreement with CIEMSA. The original and amended terms of the option agreement are outlined as follows:

Option Agreement (Silveria)

August 21, 2020 Original Agreement		**February 20, 2023 Modified Agreement**	
Net Smelter Royalty - 1%		Net Smelter Royalty 1%	
Amount	**Date**	**Amount**	**Date**
USD$		**USD$**	
200,000	Upon Registration (Paid)	200,000	Credit from original agreement
100,000	12 months thereon	82,527	Upon Execution (paid)
450,000	24 months thereon	82,527	December 29, 2023
250,000	36 months thereon	165,000	June 28, 2024
		165,108	December 30, 2024
		250,000	Court Confirmation (Peru)
1,000,000		**945,162**	

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2022	**December 31, 2021**
	$	**$**
Accounts payable	97,357	22,894
Accrued liabilities	26,000	22,000
	123,357	44,894

During the year ended December 31, 2022, the Company settled various accounts payable with value less than the carrying values and recognized a gain of $Nil (2021 - $84,008).

6. SHARE CAPITAL

On March 4, 2022, the Company consolidated its common shares on a 5-1 basis. The presentation of number of outstanding shares, loss per share, exercise price of options and warrants have been adjusted retrospectively in these financial statements and accompanying notes.

Authorized share capital: An unlimited number of common and preferred shares without par value

6. SHARE CAPITAL (Continued)

In April 2022, the Company completed a non-brokered private placement with issuance of 13,535,999 units for gross proceeds of $2,030,400. Each unit consists of one common share and one common share purchase warrant. Each warrant can be exercised into one common share at a price of $0.20 per share for a period of three years following the closing. The exercise price of the warrants is subject to a $0.05 increase in the second and third years of the warrant term. The warrants are further subject to an acceleration clause, whereby after the first year of the warrant term, if the Company's common shares trade or close at $0.60 per share or higher, the Company has the right to accelerate the warrants for exercise within 30 days of an exercise notice. The Company applied residual method and allocated $Nil to the warrant reserve to account for the issuance of these warrants. These units are subject to a one-year hold period.

In April 2022, the Company issued 50,000 units to a director of the Company for services rendered totaling $7,500. Each unit consists of one common share and one common share purchase warrant. Each warrant can be exercised into one common share at a price of $0.20 per share for a period of three years following the closing. The exercise price of the warrants is subject to a $0.05 increase in the second and third years of the warrant term. The warrants are further subject to an acceleration clause, whereby after the first year of the warrant term, if the Company's common shares trade or close at $0.60 per share or higher, the Company has the right to accelerate the warrants for exercise within 30 days of an exercise notice. The Company applied residual method and allocated $Nil to the warrant reserve to account for the issuance of these warrants. These units are subject to a one-year hold period.

In February 2021, the Company completed a private placement and issued 2,503,800 units for net proceeds of $743,640 (gross proceeds of $751,140 net of issuance cost of $7,500). Each unit consists of one common share and one warrant, exercisable at $0.40 for two years after closing, subject to an accelerated 30-day expiry date in the event the Company's shares trade at or above $1.25 for 10 consecutive days. The Company applied residual method and allocated $Nil to the warrant reserve to account for the issuance of these warrants.

Stock Options

The Company has established a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the CSE. Vesting periods are determined by the Board.

There were no options granted, exercised, and expired during the year ended December 31, 2022.On April 13, 2021, the Company granted 314,000 stock options to directors, officers, employees and consultants. The options are exercisable at $1.25 per share and expire two years from the date of grant. 274,000 options granted were fully vested on April 13, 2021. 40,000 options granted to an investor relation consultant are vested in one year over four quarterly instalments.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Stock Options (continued)

Stock options outstanding and exercisable as at December 31, 2022 are summarized as follows:

Exercise price	Number of option outstanding	Expiry date	Number of option exercisable
$1.25	314,000	13-Apr-23	294,000

During the year ended December 31, 2022, the Company recorded $2,585 of share-based compensation (2021 - $243,905).

The fair value of options has been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2022	2021
Risk-free interest rate	-	0.24%
Expected life of options	-	2 years
Annualized volatility	-	145%
Dividend rate	-	0.00%

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Issuance	2,503,800	$ 2.00
Outstanding at December 31, 2021	2,503,800	$ 2.00
Issuance	13,585,999	0.20
Outstanding at December 31, 2022	16,089,799	$ 0.48

As at December 31, 2022, the outstanding warrants have a remaining life of 1.98 years.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel include 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 consist of members of the Company's Board of Directors and corporate officers.

The Company was charged the following fees by the Company's officers/ directors, and/or entities controlled by them:

	Nature	2022	2021
		$	$
Chief Executive Office ("CEO)	Consulting	60,000	110,000
Chief Financial Officer	Consulting	28,080	21,000
Companies related to the CEO	Management services	199,343	71,600
Directors	Consulting	59,040	137,211
		346,463	268,487

During the year ended December 31, 2022, directors and officers of the Company received $Nil (2021 - $157,000) in share-based compensation.

During the year ended December 31, 2022, the Company issued 3,733,334 common shares to CEO and a director for gross proceeds of $560,000 (2021 - $Nil) and issued 50,000 common shares (2021 – Nil) to a director as a payment for consulting services with fair value of $7,500 (2021 - $Nil).

As at December 31, 2022, there was an amount owing of $58,254 (2021 - $4,042) due to related parties that was included in the Company's trade payables and accrued liabilities.

As of December 31, 2022, the note receivable from a related party is $50,000 (2021 - $Nil) (Note 10).

8. FINANCIAL RISK AND CAPITAL 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. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign Exchange Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. A 10% fluctuation in the US dollar and Peruvian Sole would have an impact of $66,000 (2021 – 18,900) to the Company's net loss for the year.

Interest Rate Risk
Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest in are in the exploration stage; as such, the Company is dependent on external financing to fund activities. To carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

Financial Instruments

The fair value of the Company's assets and liabilities approximate the carrying amount.

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and advance payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes fair value hierarchy under which the Company's financial instruments are valued:
Level 1 – fair values based on unadjusted quoted prices in active markets for identified assets of liabilities;
Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using Level 1 input. The carrying balance of trade payables approximates its fair value due to their short-term nature.

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2022	**2021**
	$	**$**
Net loss for the year	(406,561)	(610,005)
Enacted statutory tax rate	27%	27 %
Expected income tax recovery	(110,000)	(164,000)
Permanent differences and other	3,000	(54,000)
Effect of difference in statutory rate applicable to foreign subsidiaries	-	2,000
Effect of adjustment to prior year tax provision	(76,000)	(75,000)
Change in unrecognized deferred tax assets	183,000	291,000
	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2022	**December 31, 2021**
	$	**$**
Deferred Tax Assets		
Non-capital losses	3,031,000	2,927,000
Equipment	44,000	41,000
Exploration and evaluation assets	135,000	59,000
	3,210,000	3,027,000
Deferred Tax Liabilities		
Exploration and evaluation assets - Peru	-	-
Unrecognized deferred tax assets	(3,210,000)	(3,027,000)
	-	-

As at December 31, 2022, the Company had non-capital losses of approximately $7,897,000 which expire from 2026 to 2042 available to carry forward to offset future taxable income. The Company had losses in Peru of approximately $3,052,000 to carry forward indefinitely but to offset only up 50% of its future taxable income for each subsequent year.

10. NOTE RECEIVABLE

On December 29, 2022, the Company entered into a loan agreement with PushFor Technologies Inc. (“Borrower") whereby the Company agreed to lend $50,000 for a term of three months. The loan carried an annual interest rate of 15% and had a loan origination fee equal to 10% of the principal amount. As at December 31, 2022, the Company has recognized $Nil in interest income.

Subsequent to December 31, 2022, the loan was fully repaid. The Company received the principal and interest of $51,375 and the loan origination fee of $5,000.

11. SUBSEQUENT EVENT

On February 27, 2023, the Company raised $300,000 through the issuance of 5,000,000 units at a price of $0.06. Each unit consists of one common share in the equity of the company and one common share purchase warrant. Each warrant entitles a holder to purchase one common share at a price of $0.08 per share for a period of two years following the issuance date.

12. CONTINGENCY

As at the year ended December 31, 2022, the Company’s subsidiary Minera Grenville S.A.C. was named as a defendant of four administrative claims for $33,000 (Peru SOLES 103,956). The Company has presented the required defense to dismiss these claims. The outcome of this claim cannot be reasonably determined at this time and the Company has not accrued any expenditure or liability as of the date of this report.