Marimaca Copper Corp.
(formerly Coro Mining Corp.)

Consolidated Financial Statements
December 31, 2020 and 2019

(Expressed in U.S. thousands of dollars, except where indicated)

Independent auditor's report

To the Shareholders of Marimaca Copper Corp. (formerly Coro Mining Corp.)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Marimaca Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss (income) and comprehensive loss (income) for the years then ended;
- the consolidated statements of shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 2 – Significant accounting policies, note 3 – Significant judgments, estimates and assumptions and note 7 – Exploration and evaluation assets to the consolidated financial statements.* The total book value of exploration and evaluation assets amounted to $44.5 million as at December 31, 2020. At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) 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 (iv) sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2020. We considered this a key audit matter due to (i) the significance of the exploration and evaluation	Our approach to addressing the matter included the following procedures, among others: Assessed the judgment made by management in determining the impairment indicators which included the following: • Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. • Read minutes of Board of Directors meetings and obtained budget approvals to evidence continued and planned exploration expenditure for 2021, which included evaluating results of work programs. • Assessed whether there is any evidence that extracting the resources will not be technically feasible or commercially viable, or if other facts and circumstances suggest that the carrying amount exceeds the recoverable amount, based on evidence obtained in other areas of the audit.

assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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 Mark Platt.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 29, 2021

Marimaca Copper Corp. (formerly Coro Mining Corp.)

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(Expressed in U.S. thousands of dollars, except where indicated)

		2020		2019
Assets				
Current assets				
Cash and cash equivalents	$	13,852	$	9,865
Amounts receivable and prepaid expenses (note 5)		448		582
Inventories		-		186
	$	14,300		10,633
Non-current assets				
Amounts receivable (note 5)		-		2,126
Property, plant and equipment (note 6)		11,201		16,344
Exploration and evaluation assets (note 7)		44,461		28,957
Total assets	**$**	**69,962**	**$**	**58,060**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 8)	$	2,201	$	1,786
Current portion of restoration provision (note 10)		-		960
Current portion of other debt (note 9)		2,960		18,474
		5,161		21,220
Non-current liabilities				
Non-current portion of other debt (note 9)		2,657		-
Restoration provision (note 10)		4,950		5,314
Total liabilities		**12,768**		**26,534**
Shareholders' equity				
Common shares (note 11)		161,891		142,678
Contributed surplus		12,818		8,173
Accumulated other comprehensive income ("AOCI")		719		928
Deficit		(118,234)		(120,253)
Total equity	**$**	**57,194**	**$**	**31,526**
Total liabilities and equity	**$**	**69,962**	**$**	**58,060**

Nature of Operations and Liquidity Risk (note 1)

Commitments and option payments (note 19)

Subsequent events (note 20)

Approved and authorized on behalf of the board:

"Petra Decher"
Director

"Luis Tondo"
Director & CEO

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

Marimaca Copper Corp. (formerly Coro Mining Corp.)

Consolidated Statements of Loss (Income) and Comprehensive Loss (Income)

For the years ended December 31, 2020 and 2019

(Expressed in U.S. thousands of dollars, except where indicated)

	2020	2019
Expenses		
Exploration expenditures (note 14)	$ 2,185	$ 4,252
Care and maintenance costs	1,700	3,983
Depreciation and amortization	153	234
Legal and filing fees	208	209
Other corporate costs	1,206	715
Salaries and management fees	713	869
Share-based compensation	2,161	343
Operating loss	**(8,326)**	**(10,605)**
Finance expense	(2,498)	(3,165)
Foreign exchange gain	76	190
Gain on asset disposal (note 4)	12,688	-
Other income (expense)	79	(963)
Net Income (Loss)	**$ 2,019**	**$ (14,543)**
Other comprehensive loss		
Items that may be reclassified subsequently to net income:		
Foreign currency translation adjustment	(209)	(6)
Comprehensive Income (Loss)	**$ 1,810**	**$ (14,549)**
Basic and diluted income (loss) per share *	$ 0.03	$ (0.24)
Weighted average shares outstanding (000's) basic *	65,078	59,972
Weighted average shares outstanding (000's) diluted *	65,611	60,313

***share amounts are presented on a post consolidation basis (note 11)**

Marimaca Copper Corp. (formerly Coro Mining Corp.)

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2020 and 2019

(Expressed in U.S. thousands of dollars, except where indicated)

	Shares										
	Number of shares #000's		Amount		Contributed Surplus		AOCI		Deficit		Total
Balance at December 31, 2018	58,216	$	129,838	$	7,935	$	934	$	(105,710)	$	32,997
Private placement (note 11)	5,835		12,536		-		-		-		12,536
Options exercised (note 11)	307		304		(101)		-		-		203
Share-based payments (note 12)	-		-		339		-		-		339
Net loss	-		-		-		-		(14,543)		(14,543)
Other Comprehensive loss	-		-		-		(6)		-		(6)
Balance at December 31, 2019	**64,358**	**$**	**142,678**	**$**	**8,173**	**$**	**928**	**$**	**(120,253)**	**$**	**31,526**
Balance at January 01, 2020	64,358		142,678		8,173		928		(120,253)		31,526
Prospectus offering (note 11 and 13)	9,200		18,997		2,579		-		-		21,576
Broker Warrants (note 13)	-		-		76		-		-		76
Options exercised (note 12)	83		216		(109)		-		-		107
Share-based payments (note 12)	-		-		2,099		-		-		2,099
Net income	-		-		-		-		2,019		2,019
Other Comprehensive loss	-		-		-		(209)		-		(209)
Balance at December 31, 2020	**73,641**	**$**	**161,891**	**$**	**12,818**	**$**	**719**	**$**	**(118,234)**	**$**	**57,194**

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

Marimaca Copper Corp. (formerly Coro Mining Corp.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in U.S. thousands of dollars, except where indicated)

		2020		2019
Cash flows from operating activities				
Net income (loss) for the year	$	2,019	$	(14,543)
Items not affecting cash				
Depreciation and amortization		153		234
Reversal of VAT receivable write down		(79)		962
Interest and arrangement fees		1,951		3,169
Share-based payments		2,161		343
Accretion on debt		601		158
Gain on asset disposal		(12,688)		-
Accretion on retirement obligation		104		148
		(5,778)		**(9,529)**
Change in non-cash operating working capital				
Decrease (increase) in receivables and prepaid		(93)		(101)
Decrease in inventory		28		(5)
Decrease in accounts payable and accruals		319		(1,018)
Cash used in operating actvities	**$**	**(5,524)**	**$**	**(10,653)**
Cash flows from financing activities				
Issuance of common shares (note 11)		22,683		12,822
Share issuance costs (note 11)		(924)		(83)
Repayment of loans (note 9)		(6,509)		(6,000)
Other debt (note 9)		6,000		2,000
Cash provided by financing activities	**$**	**21,250**	**$**	**8,739**
Cash flows from investing activities				
Cash paid on asset disposal		(63)		-
Proceeds from sale of Berta Mine		-		8,500
Property, plant and equipment (note 6)		(3)		(31)
Lease payments		(70)		(92)
Exploration and evaluation assets- 1-23 claims (note 7)		(6,000)		-
Exploration and evaluation assets- other (note 7)		(5,242)		(10,082)
Payments to acquire non-controlling interest (note 9)		(100)		(1,003)
Cash used in investing activities	**$**	**(11,478)**	**$**	**(2,708)**
Effect of exchange rate changes on cash		(261)		(9)
Increase (decrease) in cash and cash equivalents		3,987		(4,631)
Cash and cash equivalents: beginning of the year		9,865		14,496
Cash and cash equivalents: end of the year	**$**	**13,852**	**$**	**9,865**

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

1 Nature of operations and liquidity risk

Marimaca Copper Corp, formerly known as Coro Mining Corp. (the "Company" or "Marimaca Copper") and its subsidiaries are engaged in the exploration and development of base metal projects in Chile. The Company was incorporated on September 22, 2004 and commenced activities in 2005. The Company's registered office is Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada.

On May 27, 2020, Coro Mining Corp. changed its name to Marimaca Copper Corp. and commenced trading on the Toronto Stock Exchange under the new symbol "MARI". The name change confirms the Company's commitment to focus on the development of its flagship Marimaca Copper Project (the "Marimaca Project").

The Company's principal asset is the Marimaca Project, located in the Antofagasta Region of northern Chile. The Marimaca Project comprises a set of claims (the "1-23 Claims"), properties 100% owned and optioned by the Company, combined with the adjacent La Atómica and Atahualpa claims over which Marimaca Copper has the right to explore and exploit resources and where the most intensive exploration activities have been focused; this larger area is referred to as the "Marimaca District".

Liquidity risk

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue in operation for at least the next twelve months.

The Company is an exploration and development company that currently does not generate revenue from its assets. At December 31, 2020, the Company had working capital of $9.1 million (December 31, 2019 – working capital deficiency of $10.6 million), which management believes, together with the $34.8 million proceeds from the private placement referred to in note 20, is sufficient to meet its property option payments, its obligations and to continue to fund operations for at least the next twelve months.

Beyond the next 12 months, the Company's ability to continue as a going concern and to advance the Marimaca Project will be dependent upon its ability to obtain the necessary financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company."

2 Significant accounting policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All amounts are expressed in U.S. dollars ($), unless otherwise noted. Reference to C$ are to Canadian dollars.

These consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2020.

b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Minera Cielo Azul Ltda, Minera Rayrock Ltda., Inversiones Cielo Azul Ltda. and Compañia Minera Newco Marimaca.

All intercompany transactions, balances, income and expenses have been eliminated on consolidation. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2 Significant accounting policies (continued)

These consolidated financial statements include the financial information of Marimaca Copper Corp. and the entities identified below where Marimaca has an ownership interest.

	Relationship	Coutry of incorporation	Interest %
Minera Cielo Azul Ltda	Subsidiary	Chile	100%
Minera Rayrock Ltda	Subsidiary	Chile	100%
Inversiones Cielo Azul Ltda.	Subsidiary	Chile	100%
Compañia Minera Newco Marimaca	Subsidiary	Chile	100%
Rising Star Copper Ltd.	Associate	UK	25%

All intercompany transactions, balances, income and expenses have been eliminated on consolidation.

c) Investment in associate

An associate is an entity over which the Company has the ability to exercise significant influence. The Company has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control. Investment in associates is calculated using the equity method in which the Company's investment in common shares of an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate.

The Company's share of income and losses of an associate is recognized in net income during the period. Dividends and repayment of capital received from an associate are accounted for as a reduction in the carrying amount of the Company's investment. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associates are not eliminated in the unaudited condensed interim consolidated financial statements.

At the end of each reporting period, the Company assesses whether there's evidence that an investment in an associate is impaired. An investment is impaired if the recoverable amount of an investment is less than its carrying amount, at which point the carrying amount is reduced to its recoverable amount and an impairment loss is recognized in the period.

If the Company's share of the associate's losses equals or exceeds the investment in the associate, recognition of further losses is discontinued. After the interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, we resume recognizing our share of those profits only after our share of the profits equals the share of losses not recognized.

As of June 30, 2020, the Company recognized its investment in Rising Star Copper Corp. ("RSC") at cost and will recognize its share of the associate net income or loss using the equity method of accounting (See note 4).

d) Foreign currency translation

The functional currency of the parent company, Marimaca Copper Corp. is the Canadian dollar. The functional currency of the Company's Chilean subsidiaries is the Chilean Peso. The presentation currency of the Company is the U.S. dollar.

The financial statements of the parent company are translated into U.S. dollars for presentation purposes as follows: monetary assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position; non-monetary items are translated at historic exchange rates at each transaction date; revenue and expenses are translated at the average exchange rate of the period (as this is considered a reasonable approximation to the actual rates). Gains and losses on translation are recognized in the statement of loss and comprehensive loss as cumulative translation adjustments.

2 Significant accounting policies (continued)

Transactions in currencies other than the functional currency of an entity are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Foreign currency translation differences arising on translation of such monetary assets and liabilities into the functional currency of an entity are recognized in the statement of loss.

e) Cash and cash equivalents
Cash and cash equivalents include cash at banks, cash on hand and other short-term investments with initial maturities of less than three months. Cash and cash equivalents are classified as financial assets and measured at amortized cost.

f) Accounts receivable
Accounts receivable are classified as financial assets. Accounts receivable are initially measured at fair value, subsequently recorded at amortized cost which approximates fair value due to the short term to maturity.

g) Accounts payable and accrued liabilities
Accounts payable and accrued liabilities are classified as financial liabilities and are measured at amortized cost using the effective interest rate method.

h) Debt
The Company recognizes all financial liabilities initially at fair value and classifies them as either fair value through profit or loss or amortized cost, as appropriate. For debt subsequently measured at amortized cost, the effective interest rate method is used. Debt classified as fair value through profit or loss is measured at fair value on each financial reporting date with gains and losses flowing through the statement of loss and comprehensive loss.

i) Property, plant and equipment
Property, plant and equipment include mineral properties and mine development costs, plant and equipment, and capital work in progress.

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

Plant and equipment are amortized over the expected useful life using as applicable, the straight line method or the units-of-production (“UOP”) method based on the recoverable tonnes from the estimated proven and probable reserves. Mobile equipment is depreciated on a straight-line basis for up to five years.

During the commissioning phase of a new plant, pre-production expenditures, net of pre-commercial production sales proceeds, are capitalized to property, plant and equipment.

Mineral property and mine development costs
Mineral property costs are carried at cost, less accumulated depletion. Costs of project development, including gaining initial access to the ore body, are capitalized to mineral properties. Once the mineral property is in production, it will be depleted using the UOP method, based on recoverable tonnes from the estimated proven and probable reserves.

Capitalization of costs incurred in the pre-commercial production phase ceases when the mining property is capable of commencing mining operations in the manner intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sales during this period are offset against capitalized costs.

2 Significant accounting policies (continued)

Construction in progress
Costs recorded for assets under construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. No amortization is recorded until the assets are substantially complete and available for their intended use.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of borrowing costs begins when there are borrowings and activities commence to prepare an asset for its intended use. Capitalization of borrowing costs ends when substantially all activity necessary to prepare a qualifying asset for its intended use is complete.

When proceeds of project specific borrowings are invested on a temporary basis, borrowing costs are capitalized net of any investment income.

j) Exploration and evaluation expenditures
Exploration and evaluation expenditures include all the costs of acquiring licenses and costs associated with exploration and evaluation activity. Mineral property acquisition costs are capitalized. All exploration and evaluation costs are capitalized, except those relating to non-specific projects or properties or costs incurred before the Company has obtained legal rights to explore an area, which are expensed in the period incurred.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property have been determined, capitalized exploration and evaluation expenditures are reclassified to mineral property development costs within mineral properties, plant and equipment and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to:
- The extent to which mineral reserves or resources have been identified through an economic study;
- The status of environmental permits; and
- The status of mining leases or permits.

Exploration and evaluation assets are tested for impairment immediately prior to reclassification to mineral property development costs within property, plant and equipment. Proceeds from the sale of exploration and evaluation properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

k) Impairment of non-financial assets
The carrying amounts of assets included in exploration and evaluation assets and property, plant and equipment are reviewed for impairment at each reporting period. If there are indicators of impairment, then an impairment test is performed by management to estimate the recoverable amount of the asset in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's carrying amount exceeds the recoverable amount, and the excess is recorded as an expense immediately.

Value in use is determined as the present value of the future pre-tax cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

2 Significant accounting policies (continued)

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit or loss immediately.

l) Decommissioning and restoration provision

An obligation to incur decommissioning and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property. Such costs are estimated and discounted to their net present value and capitalized to the carrying amount of the related asset along with the recording of a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the liability are used to calculate the net present value. The liability is adjusted each year for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation.

m) Income (loss) per share

Income (loss) per share is calculated dividing shareholders' net income (loss) by the weighted average number of shares outstanding during the period. Diluted income (loss) per share is calculated using the treasury stock method whereby all in the money options and warrants are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In the event of a share consolidation or share split, the calculation of basic and diluted income (loss) will be adjusted retrospectively for past periods presented.

n) Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

o) Share-based compensation

The Company applies the fair value method of accounting for stock options granted to employees and others providing similar services. The fair value of options is determined using a Black-Scholes option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. The Company expenses the fair value of stock options granted over the vesting period with the corresponding credit to contributed surplus.

Cash consideration received from employees on exercise of options is credited to common shares along with the original grant date fair value of the options exercised.

2 Significant accounting policies (continued)

p) Financial instruments

IFRS 9 *"Financial Instruments"* address the classification, measurement and recognition of non-derivative financial assets and financial liabilities and requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss ("FVPL"), at fair value through other comprehensive income ("FVOCI"), and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities measured at amortized cost.

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable, accrued liabilities and debt. Financial instruments are recognized initially as fair value.

New and Amended Standards Adopted by the Company

The following standard was effective and implemented for the annual period as of January 1, 2020.

Amendments to IFRS 3 Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations ("IFRS 3"). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The application of the amendments to IFRS 3 did not have a significant impact on the Company's consolidated financial statements.

New Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods.

3 Significant judgments, estimates and assumptions

Estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements.

a) Impact of the COVID-19 Pandemic

The COVID-19 global health pandemic has had a significant impact on the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown. The adverse effects of the pandemic may continue for an extended and unknown period of time, particularly as variant strains of the virus are identified. The impact of the pandemic to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts have been undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects has been impacted. The broader impact of the COVID-19 pandemic or future pandemics or similar public health emergencies on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on Marimaca Copper's results of operations, financial condition and the trading price of Marimaca Copper's securities.

3 Significant judgements, estimates and assumptions (continued)

b) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or 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 sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of December 31, 2020.

c) Impairment of property, plant and equipment

Each reporting period, property, plant and equipment assets are evaluated to determine whether there are any indications of impairment. If any such indication exists, an impairment test is performed and if indicated, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of the fair value less costs to sell and the value in use. The recoverable amount of the relevant cash generating units is calculated based on cash flow projections using assumptions and estimates that represent management's best estimate of the range of economic conditions that will exist over the remaining useful lives of the assets, and through a review of sales of comparative assets.

These calculations include key estimates such as future commodity prices, recoverable resources and reserves, operating and capital costs, inflation rate, discount rate and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flows to be generated from its projects.

d) Decommissioning and restoration provisions

Each reporting period, the Company updates the carrying value of its restoration provisions by estimating the future costs of remediating environmental disturbances after an asset is decommissioned or retired. Management updates the provision using future inflation rates and interest rates for the periods in order to get a present value. Although management has made its best estimate of these factors, there are uncertainties related to asset retirement obligations and the impact on the financial statements could be material as the eventual timing and expected costs to settle these obligations could differ from our estimates. The main factors that could cause expected cash flows to differ are changes to laws, local regulations, increase in expected costs, inflation rates and timing of cash flows (See note 10).

e) Share-based compensation

The Company applies the fair value method of accounting using the Black-Scholes model to determine the fair value of stock-options granted to employees, consultants and directors. The model includes significant assumptions as to the estimated life of the stock options, the forfeiture rate and the volatility of the stock. The Company uses historical data to estimate the expected future volatility of the stock, the estimated lives of the stock options and the forfeiture rate.

Stock options granted might include performance conditions related to the achievement of specified performance targets or a milestone and might pertain either to the performance of the Company as a whole or to some part of the enterprise, such as a subsidiary. The measurement of compensation costs for a stock-based award with a performance condition that will determine the number of options or shares to which all employees receiving the award will be entitled, is based on the best estimate of the outcome of the performance condition. The Company estimates forfeitures awards by individual employees and recognizes them as they occur. Management assesses all the factors and uses its judgment to calculate these estimates.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

4 Disposal of controlling interest in RSC

On June 30, 2020, the Company received a conversion notice from Greenstone Resources II LP ("GSII") to convert the Company's total outstanding principal of $12.0 million under the Convertible Facility Agreement into a 75% ownership interest in the Company's previously wholly-owned subsidiary RSC, leaving the Company with a 25% interest in RSC.

On June 30, 2020, the Company signed a Joint Venture and Shareholder Agreement ("JV Agreement") among GSII and RSC outlining the details of the conversion and whereby the Company agreed to manage the operations of RSC. Management concluded that, as of June 30, 2020, the Company lost control of its subsidiary RSC and as of the same date, it deconsolidated RSC's assets and liabilities from the Company's consolidated financial statements. The loss of control constitutes a disposition which resulted in a gain on the sale of the 75% interest for the Company.

Gain on asset disposal is as follows:

Consideration Received as loan conversion	**12,000**
Minus:	
Net Assets / (Liabilities) deconsolidated	(688)
Gain on asset disposal	**12,688**

In calculating the carrying value of the 25% retained interest in RSC upon the conversion and as at December 31, 2020, the Company determined that RSC had negative net assets and therefore the Company recorded the investment in associate at $nil.

The net assets and liabilities of RSC deconsolidated from the condensed interim consolidated financial statement of the Company as at June 30, 2020 were as follows:

Assets	
Current assets	3,479
Fixed assets	4,980
Other assets	906
Total assets	**9,365**
Liabilities	
Current liabilities	8,626
Other liabilities	1,427
Total liabilities	**10,053**
Net asset deconsolidated	**(688)**

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

5 Amounts receivable and prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid expenses and other receivables	448	2,400
Environmental bond	-	308
Total amounts receivable and prepaid expenses	**448**	**2,708**
Non-current portion	-	(2,126)
Current portion	**448**	**582**

As of June 30, 2020, the Company deconsolidated $2.4 million of accounts receivable related to RSC, which consisted mainly of a VAT receivable of $2.0 million (December 31, 2019 - $2.1 million) and an environmental bond related to the Nora Plant of $0.3 million (December 31, 2019 - $0.3 million).

6 Property, plant and equipment

	Nora plant	Ivan plant	Other	Total
Cost				
December 31, 2019	**4,626**	**11,217**	**853**	**16,696**
Disposals	(4,626)	(26)	(507)	(5,159)
Additions	-	-	(2)	(2)
December 31, 2020	**-**	**11,191**	**344**	**11,535**
Accumulated depreciation				
December 31, 2019	**-**	**-**	**(352)**	**(352)**
Depreciation	-	-	(166)	(166)
Disposals	-	-	184	184
December 31, 2020	**-**	**-**	**(334)**	**(334)**
Net book value				
December 31, 2019	4,626	11,217	501	16,344
December 31, 2020	**-**	**11,191**	**10**	**11,201**

Nora plant
As at June 30, 2020, the Company deconsolidated the carrying value of the Nora Plant of $4.6 million due to the loss of control in RSC (See note 4).

Ivan plant
The Ivan Plant was purchased in June 2017 with the intention to process ore from the Marimaca property. Currently, the plant is on care and maintenance. In 2020, the Company expensed a total of $1.3 million in care maintenance cost (2019 – $1.6 million) for the plant.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

7 Exploration and evaluation assets

	Marimaca Properties					Others		
	MC	LA	ATA	O&C	Ll&M	MD	El Jote	Total
Balance- January 1, 2019	**7,047**	**4,176**	**7,692**	**218**	**-**	**389**	**646**	**20,168**
Exploration and evaluation costs	1,074	1,858	4,487	-	-	-	-	7,419
Property acquisition costs	-	500	400	300	55	-	115	1,370
Balance at December 31, 2019	**8,121**	**6,534**	**12,579**	**518**	**55**	**389**	**761**	**28,957**
Exploration and evaluation costs	2,332	23	136		-	85	-	2,576
Property acquisition costs	11,096	1,500	200	700	50	150	136	13,832
Disposal	(7)	-	-	-	-	-	(897)	(904)
December 31, 2020	**21,542**	**8,057**	**12,915**	**1,218**	**105**	**624**	**-**	**44,461**

a) Marimaca property, Chile

1-23 Claims ("1-23")

On September 10, 2019, the Company announced that it had entered into arrangements to acquire the remaining 49% of the corporate entity holding the Marimaca 1-23 claims. The transaction completed in February 2020 with the payment of $ 6.0 million, which means the Company now owns 100% of the corporate entity that holds the Marimaca 1-23 claims. The terms of the acquisition provide for certain deferred consideration payments to be made in October 2021 ($3.0 million) and February 2022 ($3.0 million). Security interests over the relevant shareholdings have been granted in order to secure these payments (See note 9b).

The sellers retain a 1.5% net smelter return royalty ("NSR") over the 1-23 Claims, with the Company retaining an option to buy-back 1% of the 1.5% NSR for $4.0 million at any time up to 24 months following the commencement of commercial production of the 1-23 Claims, as well as a right of first refusal over the NSR.

As at December 31, 2020, the carrying value of the 1-23 Claims (Marimaca project) is $21.5 million (December 31, 2019 - $8.1 million) and it is included in the exploration and evaluation assets on the statement of financial position.

La Atomica claims ("LA")

Under the terms of the August 2017 La Atomica Letter of Intent ("LOI") (Option Agreement signed October 2017), the Company may acquire 100% of the La Atomica property by paying a total of $6.0 million as follows: $0.6 million (paid); $1.0 million on the 24-month anniversary date (paid); and $4.4 million on the 36-month anniversary date. A 1.5% NSR is payable on the claims, with the Company retaining an option to purchase 0.5% of the 1.5% NSR for $2.0 million at any time.

In May 2020, the Company modified the Option Agreement to split into three tranches the $4.4 million payment due on the 36-month anniversary payable as follows: (i) $1.0 on the 36-month anniversary of the original agreement (paid); (ii) $1.1 million on the 42-month anniversary, and (iii) $2.6 million on the 48-month anniversary. These amended instalments include $0.3 million in interest calculated using a 0.9% monthly interest rate.

Atahualpa claims ("ATA") - Formerly known as Sierra Miranda claims

Under the terms of a January 2018 LOI, the Company acquired 100% of the Atahualpa, Tarso, Sierra and Sorpresa claims, which are immediately adjoining its Marimaca Project for a total cash consideration of $6.0 million (paid). A 2% NSR is payable on the claims under the original option agreement.

On February 1, 2019, the Company entered into an option agreement to purchase the outstanding 2% NSR for $2.2 million. The amount is payable in four tranches over 36 months as follows: $0.2 million upon closing (paid); $0.2 million on the 12-month anniversary of closing (paid); $0.2 million on the 24-month anniversary of closing (paid); and $1.6 million on the 36-month anniversary of closing.

7 Exploration and evaluation assets (continued)

Olimpo y Cedro claims ("O&C") - Formerly known as Naguayan claims
Under the terms of a January 2018 option agreement, the Company may acquire 100% of the Olimpo y Cedro properties for a total cash consideration of $6.5 million: $0.2 million upon signing (paid in 2018); $0.3 million on the 12-month anniversary date (paid in January 2019); $0.7 million on the 24-month anniversary date (paid); $1.75 million on the 36 month anniversary date; and $3.55 million on the 48-month anniversary date. A 1.5% NSR is payable, with the Company retaining an option to purchase 0.5% of the 1.5% NSR for $2 million within the first 12 months following the start of commercial production on the property. As these claims are not adjacent to the known mineralization, only acquisition costs have been capitalized.

In May 2020, the Company modified the Option Agreement to split into three tranches the $1.75 million payment due on the 36-month anniversary payable as follows: (i) $0.6 on the 36-month anniversary of the original agreement (paid); (ii) $0.2 million on the 38-month anniversary; (iii) $1.1 million on the 48-month anniversary. These amended instalments include $0.1 million in interest calculated using a 0.9% monthly interest rate.

Llanos and Mercedes ("Ll&M")
Under the terms of a May 2019 option agreement, the Company may acquire the Llanos and Mercedes properties for a total consideration of $2.0 million payable as follows: $0.05 million upon signing (paid in May 2019); $0.05 million on the 16-month anniversary (paid); $0.1 million on the 24-month anniversary; $0.125 million on the 30-month anniversary; $0.125 million on the 36-month anniversary; $0.15 million on the 42-month anniversary, and $1.4 million on the 48-month anniversary. In addition, the Llanos and Mercedes claims are subject to a 1% NSR with a buyback option for the NSR of $0.5 million exercisable up to 24 months from the start of commercial production. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized.

Marimaca District ("MD")
In the third quarter of 2020, the Company signed two option agreements related to the Akicy and Emilia claims. The details of the option agreements are detailed below.

Akicy
Under the terms of a July 2020 option agreement, the Company may acquire the Cincy 1-10 and Esperada 1-17 (1-5 and 11-15) properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary; $0.11 million on the 24-months anniversary and $0.3 million on the 36-months anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.5 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized at this time.

Emilia
Under the terms of an August 2020 option agreement, the Company may acquire the Emilia 1-10 properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary; $0.11 million on the 24-months anniversary and $0.3 million on the 36-months anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.5 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized at this time.

La Esperada
Under the terms of a December 2020 option agreement, the Company may acquire the Esperada 1-17 (6-10 and 16-17) properties for a total consideration of $0.25 million payable as follows: $0.13 million upon signing (paid) and $0.12 million on the 12-month anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.3 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized at this time.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

8 Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019
Accounts payable	1,228	1,073
Accrued liabilities	972	713
	2,200	**1,786**

9 Other debt

	December 31, 2020	December 31, 2019
Shareholder's loans (a)	-	17,996
Marimaca acquisition debt (b)	5,617	-
ProPipe instalment (c)	-	478
Total other debt	**5,617**	**18,474**
Current portion	(2,960)	(18,474)
Non-current portion	**2,657**	**-**

a) Shareholder´s loans

Marimaca WC Facility

On March 5, 2020, the Company entered into a credit agreement (the “Marimaca WC Facility”) with GSII and Tembo Capital Mining Fund II (“Tembo II”), both shareholders of the Company, for a twelve-month $6.0 million non-revolving unsecured loan to cover working capital and general operating costs. The Marimaca WC Facility has a fixed annual interest rate of 12% compounded quarterly and a 3% arrangement fee on the aggregate of the principal amounts drawn under this Marimaca WC Facility which are payable at maturity. The maturity date is March 25, 2021.

During Q4 2020, the Company repaid the $6.0 million that had been previously drawn under the Marimaca WC Facility in addition to accrued interest and arrangement fees of $0.5 million with the proceeds from the Prospectus Offering (See note 11).

As a result of the de-consolidation of RSC (See note 4), shareholder’s loans totaling $19.5 million were de-consolidated from the Company’s statement of financial position as at June 30, 2020. The $19.5 million comprised $12.0 million related to the convertible loan, $2.0 million associated with a working capital loan and accrued interest of $5.5 million on the convertible and working capital loans.

b) Marimaca acquisition debt

On February 14, 2020, and later amended in May 2020, the Company signed the definite agreements acquiring the remaining 49% interest in the 1-23 Claims for a total cash consideration of $12.0 million which is payable as follows: (i) $6.0 million upon signing of the definitive agreements; (ii) $3.0 million in October 2021; and (iii) $3.0 million in February 2022. The sellers agreed to transfer their 49% interest in the 1-23 Claims upon the execution date of the definitive agreements. The Company paid the initial $6.0 million upon execution of the definitive agreements and recorded the fair value of the remaining two instalments as a liability.

The fair value of the future instalments was estimated to be $5.1 million using an annual discount rate of 12% for two years. As at December 31, 2020, included under current portion of other debt, is $3.0 million in principal and accumulated interest related to the second instalment and $2.6 million in principal and interest is included under non-current portion of other debt. The carrying value of the loan is $5.6 million as at December 31, 2020.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

9 Other debt (continued)

c) ProPipe instalment (deconsolidated)

This amount related to the buyout of a non-controlling interest of SCM Berta, formerly an indirect wholly-owned subsidiary of the Company. As at June 30, 2020, the amortized loan balance of $0.4 million including interest of $0.1 million was deconsolidated from the Company's consolidated financial statements (See note 4).

10 Restoration provision

	December 31, 2020			2019
	Nora	**Ivan**	**Total**	**Total**
Balance, beginning of the period	1,415	4,859	6,274	6,742
Accretion expense	12	92	104	148
Reclamation revaluation	-	-	-	549
Disposal	(1,427)	-	(1,427)	(1,165)
Less curent portion	-	-	-	(960)
Balance, end of year	**-**	**4,950**	**4,950**	**5,314**

In calculating the present value of the restoration provisions as at December 31, 2020, management used risk-free rates between 1.6%-1.95% and inflation rates between 2.02%-2.12%. The undiscounted cash flows, before inflation adjustments, estimated to settle the restoration provisions are approximately equal to the discounted cash flows. No changes to the reclamation plans have been required as a result of the COVID-19 pandemic, but the Company will continue to closely monitor future inflation rates and other variables which may result in adjustments to the carrying value of the restoration provisions. (See note 2).

Nora (deconsolidated)

As at June 30, 2020, total reclamation costs of $1.4 million related to the Nora Plant were deconsolidated from the Company's consolidated financial statements as a result of the Company no longer controlling RSC (See note 4).

Ivan

As at December 31, 2020, Ivan's undiscounted restoration provision totalled $4.9 million which consists of costs associated with reclamation and closure activities for the Ivan plant and mine site. These activities include costs for disposition of chemical materials, earthworks, and the dismantling and demolition of structures.

11 Common shares

Share consolidation

On May 27, 2020, the Company completed a share consolidation of its share capital on the basis of twenty-five (25) pre-consolidation shares for one (1) post-consolidation share (the "Consolidation"). All references to the number of shares, options and per share amounts presented have been retroactively restated to reflect the Consolidation (post-consolidation basis).

Authorized

The Company has an unlimited number of authorized common shares without par value.

Issued

As of December 31, 2020, the Company had 73,641,072 common shares issued and outstanding (December 31, 2019: 64,357,847 common shares).

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

11 Common shares (continued)

Year ended 2020

Prospectus Offering
On December 3, 2020, the Company completed a marketed prospectus offering issuing 9,200,000 Units of the Company, including 1,200,000 Units issued in connection with the full exercise of the over-allotment option granted to the underwriters (the "Prospectus Offering"), at a price of C$3.15 per Unit for aggregate gross proceeds of C$29.0 million ($22.5 million). Each Unit was comprised of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of $4.10 for a period of 24 months from the closing of the Offering. Total issuance cost associated with the Prospectus Offering included $0.9 million in cash consideration and 88,873 broker warrants, having an exercise price of C$3.15 for a period of 24 months from the closing of the Offering (the "Broker Warrants").

Options Exercised

During the year ended December 31, 2020, the Company issued 83,225 common shares upon the exercise of stock options for total cash proceeds of C$0.14 million ($0.11 million).

Year ended 2019

Private Placement
On September 23, 2020, the Company announced the completion of a non-brokered private placement issuing a total of 5,834,557 common shares at a price of C$2.875 per share, for total proceeds of C$16.8 million ($12.6 million). Issuance costs were C$109.1 ($82.7).

Options Exercised
During the year ended December 31, 2019, the Company issued 7,693,975 common shares upon the exercise of stock options for total cash proceeds of C$271.5 ($203.5). The Company reclassified a total of C$133.3 ($100.8) from contributed surplus to capital stock in connection with these exercises.

12 Stock options

The Company has a stock option plan that permits the granting of stock options to directors, officers, key employees and consultants (the "Plan"). Terms and pricing of options are determined in accordance with the Plan. A total of 10% of the issued and outstanding common shares of the Company may be allotted and reserved for issuance under the stock option plan.

	December 31, 2020		December 31, 2019	
	Number of options	Weighed average exercise price	Number of options	Weighed average exercise price
Outstanding - January 1	1,615,750	2.50	2,054,616	2.75
Granted	2,590,000	2.87	448,000	1.70
Exercised	(83,225)	1.73	(307,759)	0.88
Expired	(44,279)	1.79	(504,551)	3.14
Forfeited	-	-	(74,556)	1.73
Outstanding -December 31, 2020	**4,078,246**	**2.59**	**1,615,750**	**2.50**

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

12 Stock options (continued)

At December 31, 2020, the following stock options were outstanding:

Number of options outstanding	Number of option vested and exercisable	Exercise price	Weighted average remaining life
247,074	247,074	0.775	0.13
440,000	146,667	1.250	4.31
360,000	320,000	1.500	2.94
145,644	105,765	1.725	2.70
52,016	34,677	1.925	2.93
260,078	260,078	2.125	1.45
80,000	26,667	2.500	3.26
5,333	5,333	2.750	0.25
338,101	135,241	3.850	0.61
2,150,000	716,667	3.200	4.74
4,078,246	**1,998,168**	**2.59**	**3.57**

During 2020, the Company granted 2,590,000 (2019 – 448,000) stock options to certain directors, executive officers and consultants having a weighted average exercise price of C$2.87 per stock option (2019 – C$1.70) and a weighted average life of 5 years (2019 – 5 years). The options will vest in three tranches, being 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date. The fair value of the stock options was estimated to be C$5.3 million (2019 – C$0.6 million).

Stock options are valued using the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	December 31, 2020	December 31, 2019
Risk-free interest rate	1.0%	1.5%
Expected life	5 years	5 years
Expected volatility	95%	110%
Expected dividend yield	0%	0%

During the year ended December 31, 2020, the Company recorded $2.2 million in share-based compensation (2019 - $0.3 million).

During 2020, the Company adopted a new incentive plan (the "Omnibus Plan") which allows for the issuance of stock options and restricted share units ("RSUs") and replaces the existing Plan. The maximum number of Common Shares of the Company available for issuance under the Omnibus Plan will not exceed 10% of the Company's issued and outstanding common shares, less the number of common shares subject to grants of stock options under the Company's Plan. As at December 31, 2020, there were no grants under the Omnibus Plan.

13 Warrants

In connection with the Prospectus Offering, the Company issued 4,600,000 Warrants and 88,873 Broker Warrants (see note 11). The Warrants and Broker Warrants were valued using the Black-Scholes option pricing model using the following assumptions: risk-free rate - 0.24%; expected life - 2 years; volatility - 60%; dividend yield – 0%, resulting in fair values of C$3.4 million ($2.7 million) and C$0.1 million ($0.07 million), respectively.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

14 Exploration expenditures

	December 31, 2020		
	Marimaca District	**General**	**Total**
Drilling & trenching costs	1,168	253	1,421
General & administration costs	112	763	875
Property rental Agreements	-	(111)	(111)
Total	**1,280**	**905**	**2,185**

	December 31, 2019		
	Marimaca District	**General**	**Total**
Drilling & trenching costs	2,715	-	2,715
General & administration costs	737	856	1,593
Property rental agreements	-	(56)	(56)
Total	**3,452**	**800**	**4,252**

a) Marimaca District, Chile
The Marimaca District is a large exploration area that could potentially be part of the Marimaca Project. The Marimaca District is located 25 kms east of the port of Mejillones in the II Region of Chile. Exploration activities on the Marimaca District include property exploration expenditures and costs associated with the Marimaca Project and other wholly-owned projects that are not adjacent to the Marimaca project.

For the year ended December 31, 2020, certain exploration related expenses were capitalized and included in exploration and evaluation assets (See note 7) while district exploration expenses were expensed and included in exploration expenditures in the statement of loss and comprehensive loss. The Company recorded $1.2 million in drilling expenditures related to Cedro, Olimpo, Sierra and Sorpresa projects. At this time, only acquisition costs of these properties are being capitalized (See note 7).

b) General, Chile
General exploration includes the allocation of project administration costs like office salaries.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

15 Income tax

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (2019 – 26.5%) were as follows:

	2020	2019
Net income (loss)	2,019	(14,543)
Income tax expense (recovery) at statutory rates	535	(3,854)
Difference in foreign tax rates	552	(1,023)
Non-deductible expenses	583	93
Mineral property write down	-	-
Unrecognized (recognized) tax losses	(1,670)	4,784
Deferred income tax (recovery) expense	-	-

Deferred tax assets have not been recognized in respect of the following items:

	2020	2019
Operating losses carried forward	18,424	21,473
Mineral property interests	-	2,925
Share issuance costs	357	272
Restoration provision	1,733	2,196
Unrecognized deferred tax assets	**20,514**	**26,866**

As at December 31, 2020, Company's has non-capital losses carried forward of $55.8 million (2019 - $63.8 million) which are available to offset future years' taxable income. The reduction is attributed to the deconsolidation of RSC. The following losses will expire as follows:

	Canada	Chile	2,020
2028-2032	2,347	-	2,347
2033-2037	4,915	-	4,915
2038-2040	6,644	-	6,644
Indefinite	-	41,913	41,913
	13,906	**41,913**	**55,819**

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

16 Related party transactions

Key management personnel
The Company considers directors and officers of the Company to be key management personnel. Compensation was as follows:

	2020	2019
Paid to related parties		
Short-term employee benefits	1,130	1,199
Share-based payments	2,157	574
Severance Costs	-	67
Total	**3,287**	**1,840**

As at December 31, 2020, included in accounts payable and accrued liabilities is an amount of $0.1 million related to accrued directors' fees. As at December 31, 2019, there was a $0.07 million payable to a former officer related to severance costs which was included in accounts payable and accrued liabilities.

17 Segmented information

The Company's reportable segments include its Marimaca Project and its corporate operations. The Company's segments are summarized in the following table:

	Chile		Canada	
	Marimaca	SCM Berta *	Corporate	Total
December 31, 2020				
Current assets	$ 719	$ -	$ 13,581	$ 14,300
Non-current assets	55,662	-	-	55,662
Total assets	56,381	-	13,581	69,962
Current liabilities	4,470	-	691	5,161
Total liabilities	12,077	-	691	12,768
Net loss (gain)	$ (4,759)	$ -	$ 6,778	$ 2,019

	Chile		Canada	
	Marimaca	SCM Berta	Corporate	Total
December 31, 2019				
Current assets	$ 9,116	$ 1,451	$ 66	$ 10,633
Non-current assets	40,442	6,700	285	47,427
Total assets	49,558	8,151	351	58,060
Current liabilities	1,436	19,384	400	21,220
Total liabilities	5,335	20,799	400	26,534
Net loss	$ 5,922	$ 6,867	$ 1,754	$ 14,543

*As at June 30, 2020, the Company deconsolidated the assets and liabilities of RSC and its subsidiaries (See note 4).

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

18 Financial instruments

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at December 31, 2020, the Company's carrying values of cash and cash equivalents, amounts receivable, accounts payable, accrued liabilities approximate their fair values due to their short term to maturity.

Credit risk
Credit risk is a risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations as agreed. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

Currency risk
Currency risk is the risk that the fair values or future cash flows of the Company’s financial instruments will fluctuate because of changes in foreign currency rates in the market. The Company’s financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; foreign exchange gains and losses in these situations impact earnings.

The Company’s significant subsidiaries are located in Chile and although their functional and reporting currency is the US dollar, they are subject to currency risk because they maintain certain cash, amounts receivable and prepaid and accounts payables and accrued liabilities in Chilean pesos. The parent company is in Canada and its functional currency is the Canadian dollar and also maintains cash and accounts payables and accrued liabilities in US dollars and Great Britain pounds (“GBP”).

Total currency exposure from foreign currencies is equivalent to $7.2 million as at December 30, 2020 ($2.0 million as of December 31, 2019). Based on the net exposures as of December 30, 2020, and assuming that all other variables remain constant, a change of 10% in the Canadian dollar, British pounds and Chilean peso against the US dollar would result in a change in the Company’s net loss of approximately $0.8 million (December 31, 2019 - $0.2 million). The Company manages and monitors the currency risk on a regular basis by keeping certain accounts to minimum when the currency has a devaluation effect or vice versa.

Interest rate risk
Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Cash and cash equivalents and loans are the only financial instruments the Company holds that are impacted by interest. The Marimaca WC Facility loan contains a fixed interest rate and therefore is not exposed to fluctuations in interest rates and the Company doesn’t carry large amounts of cash in other currencies other than Canadian and US dollars. There is limited rate risk associated with Company´s cash balance.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances and/or loans as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs.

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
December 31, 2020					
Accounts payable and accrued liabilities	2,201	-	-	-	2,201
Marimaca acquisition loan including interest	3,000	3,000	-	-	6,000
Reclamation provision	-	-	-	6,614	6,614
Total	**5,201**	**3,000**	**-**	**6,614**	**14,815**

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

18 Financial instruments (continued)

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
December 31, 2019					
Accounts payable and accrued liabilities	1,786	-	-	-	1,786
SCMB facility including interest	14,982	-	-	-	14,982
Working capital loan including interest and fees	3,014	-	-	-	3,014
Propipe instalment	478	-	-	-	478
Reclamation provision	960	-	-	5,314	6,274
Total	**21,220**	**-**	**-**	**5,314**	**26,534**

19 Commitments and option payments

The following table sets out the Company´s outstanding option payments as of December 31, 2020. There are no other commitments as of December 31, 2020.

	2021	2022	2023	Total
Property option payments (note 7)				
La Atomica	3,704	-	-	3,704
Atahualpa	200	1,600	-	1,800
Olimpo & Cedro	1,846	3,550	-	5,396
Llanos & Mercedes	225	275	1,400	1,900
Akicy, Emilia & La Esperada	275	220	600	1,095
Total	**6,250**	**5,645**	**2,000**	**13,895**

20 Subsequent events

Private Placement
On March 1, 2021, the Company announced the completion of a non-brokered private placement pursuant to which it issued 9,377,273 units (“Units”) at a price of C$3.30 per Unit for gross proceeds of C$30.9 million ($23.8 million). Each Unit comprises one common share of the Company (a “Common Share”) and one-half of one Common Share purchase warrant of the Company (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of C$4.10 until December 3, 2022. In connection with the private placement, the Company issued an aggregate of 181,545 Common Shares as consideration for services rendered.

In addition, Greenstone Resources II LP and Greenstone Co-Investment No. 1 (Coro) LP (collectively, “Greenstone”) have elected to acquire 4,205,333 Units pursuant to the exercise of pre-emptive anti-dilution rights in connection with the private placement described above, resulting in additional gross proceeds of approximately C$13.9 million ($11.0 million).

Option Payments
On February 1, 2021, the Company paid $0.8 million under certain option agreements.