marimaca

COPPER CORP.

Consolidated Financial Statements
December 31, 2022 and 2021

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

Independent auditor's report

To the Shareholders of Marimaca Copper 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, 2022 and 2021, 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, 2022 and 2021;
- 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.

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, 2022. These matters were

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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 6 – Exploration and evaluation assets to the consolidated financial statements. The total book value of exploration and evaluation assets amounted to $61.4 million as at December 31, 2022. 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, 2022. We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets balance and (ii) the judgments made by management in its assessment of indicators of	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 2023, 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.

Key audit matter	How our audit addressed the key audit matter
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 Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 24, 2023

Marimaca Copper Corp.

Consolidated Statements of Financial Position

As at December 31, 2022 and 2021

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

		As at December 31, 2022		As at December 31, 2021
Assets				
Current assets				
Cash (Note 4)	**$**	**14,636**	$	26,786
Amounts receivable and prepaid expenses (Note 5(c))		**4,830**		450
Assets classified as held for sale		**-**		11,361
		19,466		38,597
Non-current assets				
Amounts receivable (Note 5 (c))		**3,936**		-
Property, plant and equipment		**21**		41
Exploration and evaluation assets (Note 6)		**61,402**		54,159
Total assets	**$**	**84,825**	$	92,797
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	**$**	**561**	$	1,408
Current portion of acquisition debt (Note 8)		**-**		2,998
Liabilities classified as held for sale		**-**		5,080
Total liabilities		**561**		9,486
Shareholders' equity (Note 9)				
Common shares		**192,800**		192,024
Contributed surplus		**30,553**		27,391
Accumulated other comprehensive income ("AOCI")		**112**		936
Deficit		**(139,201)**		(137,040)
Total equity		**84,264**		83,311
Total liabilities and equity	**$**	**84,825**	$	92,797

Nature of Operations and Liquidity Risk (Note 1)

Approved and authorized on behalf of the board:

"Hayden Locke"
Director & CEO

"Mike Haworth"
Director

Marimaca Copper Corp.

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

For the years ended December 31, 2022 and 2021

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

		Year ended December 31, 2022		2021
Expenses				
Exploration expenditures	**$**	**-**	$	6,379
Depreciation and amortization		**46**		48
Legal and filing fees		**257**		177
Other corporate costs		**886**		491
Salaries and management fees		**1,693**		2,060
Share-based compensation (Note 9(b))		**3,938**		8,080
Operating loss		**(6,820)**		(17,235)
Finance income (expense)		**217**		(442)
Change in fair value of derivative (Note 5(c))		**779**		-
Foreign exchange gain		**976**		197
Loss from continuing operations	**$**	**(4,848)**	$	(17,480)
Discontinued operations				
Income (loss) from discontinued operations (Note 5(a))		**2,687**		(1,326)
Net loss	**$**	**(2,161)**	$	(18,806)
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment		**(824)**		217
Comprehensive Loss	**$**	**(2,985)**	$	(18,589)
Loss per share from continuing operations				
Basic and dilulted loss per share	**$**	**(0.06)**	$	(0.20)
Income (loss) per share from discontinued operations				
Basic and diluted loss per share	**$**	**0.03**	$	(0.02)
Loss per share				
Basic and diluted loss per share	**$**	**(0.03)**	$	(0.22)
Weighted average number of shares outstanding (000's)				
Basic		**88,185**		85,475
Diluted		**88,185**		85,475

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

Marimaca Copper Corp.

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2022 and 2021

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

	Number of shares #000's	Amount	Contributed Surplus	AOCI	Deficit	Total
Balance - January 1, 2021	73,641	$ 161,891	$ 12,818	$ 719	$ (118,234)	$ 57,194
Private placement	13,764	28,319	7,079	-	-	35,398
Warrant exercised	322	1,305	(244)	-	-	1,061
Options exercised	301	509	(342)	-	-	167
Share-based compensation	-	-	8,080	-	-	8,080
Net loss	-	-	-	-	(18,806)	(18,806)
Other comprehensive income	-	-	-	217	-	217
Balance - December 31, 2021	**88,028**	**$ 192,024**	**$ 27,391**	**$ 936**	**$ (137,040)**	**$ 83,311**
Options exercised	**198**	**776**	**(776)**	**-**	**-**	**-**
Share-based compensation	**-**	**-**	**3,938**	**-**	**-**	**3,938**
Net loss	**-**	**-**	**-**	**-**	**(2,161)**	**(2,161)**
Other comprehensive loss	**-**	**-**	**-**	**(824)**	**-**	**(824)**
Balance - December 31, 2022	**88,226**	**$ 192,800**	**$ 30,553**	**$ 112**	**$ (139,201)**	**$ 84,264**

Marimaca Copper Corp.

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

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

		Year ended December 31,		
		2022		2021
Cash flows from operating activities				
Net loss from continuing operations	**$**	**(4,848)**	$	(17,480)
Items not affecting cash				
Depreciation and amortization		**46**		48
Unrealized foreign exchange		**(621)**		205
Change in fair value of derivative (Note 5(c))		**(779)**		-
Share-based compensation (Notes 9(b))		**3,938**		8,080
Accretion on debt		**38**		561
		(2,226)		(8,586)
Change in non-cash operating working capital				
Increase in amounts receivable and prepaid expenses		**244**		-
(Increase) decrease in accounts payable and accruals		**(849)**		(793)
Cash used in operating actvities of continuing operations	**$**	**(2,831)**	$	(9,379)
Income (loss) from discontinued operations		**2,687**		(1,248)
Accretion on restoration obligation		**13**		-
Gain on sale of Rayrock (Note 5)		**(2,860)**		-
Change in non-cash operating working capital				
Increase in amounts receivable and prepaid expenses		**(7)**		(170)
Decrease in accounts payable and accrued liabilities		**(8)**		52
Cash used in operating actvities of discontinued operations		**(175)**		(1,366)
Net cash used in operating activities	**$**	**(3,006)**	$	(10,745)
Cash flows from financing activities				
Issuance of common shares and units (Note 9(a))		**-**		36,746
Share issuance costs (Note 9(a))		**-**		(120)
Repayment of loan (Note 8)		**(3,000)**		(3,000)
Interest paid		**-**		(216)
Lease payments		**(36)**		(40)
Cash provided by financing activities	**$**	**(3,036)**	$	33,370
Cash flows from investing activities				
Proceeds from the sale of Rayrock		**500**		-
Property, plant and equipment		**(26)**		-
Proceeds from sale of royalty (Note 6)		**15,500**		-
Exploration and evaluation assets - option property payments		**(5,645)**		(9,698)
Exploration and evaluation assets - capitalized expenditures		**(16,104)**		-
Cash used in investing activities	**$**	**(5,775)**	$	(9,698)
Effect of exchange rate changes on cash		**(333)**		7
Increase (decrease) in cash		**(12,150)**		12,934
Cash: beginning of the year		**26,786**		13,852
Cash: end of the year	**$**	**14,636**	$	26,786

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

Note 1 - Nature of operations and liquidity risk

(a) Nature of operations
Marimaca Copper Corp. ("Marimaca Copper" or the "Company") was incorporated under *the Business Corporations* Act (British Columbia). Marimaca Copper is an exploration and development company focused on base metal projects in Chile.

The Company's principal asset is the Marimaca Copper Project (the "Marimaca Project"), located in the Antofagasta Region of northern Chile. The Marimaca Project comprises a set of concessions (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".

The Company's registered office is Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, Canada.

(b) 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, 2022, the Company had working capital of $18.9 million (December 31, 2021 – $29.1 million), which management believes 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.

Note 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 thousands of U.S. dollars ($), unless otherwise noted. References to C$ are to Canadian dollars.

These consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2023.

b) Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Minera Cielo Azul Ltda., Inversiones Cielo Azul Ltda. and Compañia Minera Newco Marimaca and Minera Rayrock Limitada up to its disposition in March 2022.

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.

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

	Relationship	Country of Incorporation	Interest
Minera Cielo Azul Ltda	Subsidiary	Chile	100%
Inversiones Cielo Azul Ltda	Subsidiary	Chile	100%
Compania Minera Newco Marimaca	Subsidiary	Chile	100%
Rising Star Copper Ltd.	Associate	United Kingdom	25%

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 accounted for 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.

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 (2021 - $Nil) and recognizes its share of the associate's net income or loss using the equity method of accounting. Since June 30, 2020, RSC has not recognized net income and continues to incur losses. The carrying value of this associate is $Nil.

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 U.S. dollar. The presentation currency of the group 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.

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

Cash includes cash at banks and cash on hand. Cash is classified as financial assets and measured at amortized cost.

f) Amounts receivable

Amounts receivable are classified as financial assets. Amounts 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 consolidated statement of (loss) income and comprehensive (loss) income.

i) Property, plant and equipment
Property, plant and equipment include mineral properties and mine development costs, plant and equipment, and construction 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.

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.

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.

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 capable of being used as intended.

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 less accumulated amortization 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.

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 neither 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 grant date fair value of stock options and RSUs 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.

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 at fair value.

New Accounting Standards Adopted

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deduction of amounts received from selling items produced while preparing an asset for its intended use from property, plant and equipment. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment requires companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022. The adoption of this standard did not have an impact on the Company's financial statements.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The IASB issued an amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets to clarify when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract and an allocation of the other direct costs incurred on activities required to fulfill the contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The adoption of this standard did not have an impact on the Company's financial statements.

New Accounting Standards Issued But Not Yet Effective
Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted but are not expected to have a material impact on the Company's financial statements.

IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures
IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

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 the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of this amendment is not expected to have a significant impact on the Company's financial statements.

Note 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) 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, 2022.

b) 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.

c) Fair value of derivative
The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgement to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to Note 5 for further details on the methods and assumptions associated with the measurement of the derivative contained within the contract for the cash consideration of the Rayrock transaction.

Note 4 – Cash
As at December 31, 2022, cash comprised cash deposits held as follows: $13.7 million held in Canada (2021 - $26.4 million) and $0.9 million held in Chile (2021 - $0.4 million).

Note 5 – Disposition of subsidiary and discontinued operations

Sale of Minera Rayrock Ltda ("Rayrock")
On March 3, 2022, the Company entered into an agreement to sell its wholly-owned indirect subsidiary, Rayrock, which holds the Ivan plant, to a third party ("5Q"). The transaction closed on March 21, 2022. Under the terms of the agreement, 5Q acquired 100% of the issued and outstanding shares of Rayrock for a purchase price of up to $10.9 million, payable in instalments over several periods as follows:

- 1st Instalment - $0.15 million upon signing (received);
- 2nd Instalment - $0.35 million upon approval of the Ivan plant's technical permits (received);
- 3rd Instalment – Between $1.8 million to $2.1 million in March 2023, determined by reference to LME copper price;
- 4th Instalment – Between $2.7 million to $3.1 million in December 2023, determined by reference to the LME copper price; and
- 5th Instalment – Between $4.1 million to $5.2 million in September 2024, determined by reference to the LME copper price.

In addition, certain contingent payments are to be paid as follows:

- Up to $6.0 million based on potential future stockpile acquisitions to be processed through the Ivan plant, based on the amount of copper contained in the stockpiles:
  - $1.0 million for stockpiles containing 5,000 tonnes ("t") to 10,000t total copper;
  - $2.0 million for stockpiles containing 10,000t to 20,000t total copper;
  - $4.0 million for stockpiles containing 20,000t to 30,000t total copper; or
  - $6.0 million for stockpiles containing > 30,000t total copper.

- A 1.5% net smelter return royalty ("NSR") was granted to the Company on certain concessions held by Rayrock.

(a) Operations to March 21, 2022
The disposition was completed on March 21, 2022, on which date control of Rayrock passed to 5Q. As a result of the loss of control of Rayrock, the Company determined that Rayrock met the criteria as a discontinued operation under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

For the period from January 1, 2022 to March 21, 2022 and for the year ended December 31, 2021, the net income (loss) from Rayrock is reported as income (loss) from discontinued operations. From March 21, 2022 onwards, the results from Rayrock are not reported in the financial statements of Marimaca Copper.

The net loss from Rayrock, which included the Ivan plant, for the year ended December 31, 2022 and 2021, are as follows:

(In thousands of US dollars)		**For the years ended December 31, 2022**		2021
Expenses				
Care and maintenance costs	$	(236)	$	(1,498)
Gain on sale of Rayrock		2,860		-
Operating loss				
Foreign exchange gain		63		172
Net income (loss)	$	2,687	$	(1,326)

The following table provides details of the cash flows from operations of Rayrock for the year ended December 31, 2022 and 2021:

(In thousands of US dollars)		**For the years ended December 31, 2022**		2021
Cash flows from operating activities				
Net income (loss)	$	2,687	$	(1,326)
Items not affecting cash:				
Accretion on retirement obligation		13		78
Gain on sale of Rayrock	$	(2,860)	$	-
		(160)		(1,248)
Changes in non-cash operating working capital				
Increase in amounts receivable and prepaid expenses		(7)		(170)
Decrease in accounts payable and accrued liabilities		(8)		52
Cash used in operating activities of discontinued operations	$	(175)	$	(1,366)

(b) Gain on sale of Rayrock

On March 21, 2022, the Company completed the sale of Rayrock to 5Q. The fair value of the total consideration was estimated to be $9.3 million resulting in a gain on the sale of Rayrock of $2.9 million. The Company received a cash payment of $0.15 million upon signing of the definitive documents and recorded current amounts receivable of $2.1 million and non-current amounts receivable of $6.0 million associated with the future instalments.

Management determined the fair value of the NSR based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the NSR were the mineral resources applicable to the NSR, the production levels, timing of production, the discount rate and long-term consensus copper prices. Management estimates mineral resources based on information compiled and reviewed by management's experts.

The NSR is recorded as an exploration and evaluation asset on the Company's statement of financial position.

The total consideration and the identifiable assets and liabilities disposed of on the sale of Rayrock are as follows:

(In thousands of US dollars)		**March 21, 2022**
Proceeds from sale		
Cash consideration	$	8,281
Contingent payments		-
NSR fair value		994
Total consideration	**$**	**9,275**
Assets		
Total current assets		133
Total non-current assets		11,367
Total assets	$	11,500
Liabilities		
Total current liabilities		43
Total non-current liabilities		5,042
Total liabilities	$	5,085
Total net assets	$	6,415
Gain on sale of Rayrock	**$**	**2,860**

(c) Derivative

Under the terms of the sale agreement, the final values of the cash amounts for the third, fourth and fifth instalments are dependent on average copper prices using LME data. As such, management concluded that the cash consideration included a derivative. Upon initial recognition, management also took into consideration the fair value of the future instalments using a discounted cash valuation approach.

Management determined the fair value of the derivative based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the derivative asset were the discount rate, timing of future instalments and copper price forward curve.

		December 31, 2022
Initial recognition	$	8,131
Cash payment received		(350)
Fair value adjustment		779
Derivative asset - end of period		8,560
Less: current derivative asset		(4,624)
Non-current derivative asset	$	3,936

Note 6 – Exploration and evaluation assets

(In thousands of US dollars)		**Marimaca Project**		**Marimaca District**		**Other**	**Total**
January 1, 2021	$	43,837	$	624	$	-	$ 44,461
Exploration and evaluation costs		2,942		457		-	3,399
Property acquisition costs		6,024		275		-	6,299
December 31, 2021	**$**	**52,803**	**$**	**1,356**	**$**	**-**	**$ 54,159**
Exploration and evaluation costs		15,474		630		-	16,104
Property acquisition costs		5,425		220		-	5,645
NSR (Rayrock Transaction)		-		-		994	994
Osisko royalty		(15,500)		-		-	(15,500)
December 31, 2022	**$**	**58,202**	**$**	**2,206**	**$**	**994**	**$ 61,402**

Osisko Gold Royalties Ltd. Transaction
On September 8, 2022, the Company announced a $15.5 million investment from Osisko Gold Royalties Ltd. ("Osisko") in exchange for a 1% net smelter return royalty ("NSR") on certain claims covering the Marimaca Project and some claims immediately adjacent to it.

Marimaca, together with certain of its wholly-owned Chilean subsidiaries, and Osisko entered into an Investment Agreement and a Royalty Agreement whereby Marimaca granted an unsecured 1.0% NSR to Osisko on concessions that currently host the Marimaca Oxide Deposit as well as certain rights including a right of first refusal with respect to any royalty, stream, or similar interest in connection with project financing of the Marimaca Project for cash consideration of US$15.5 million in aggregate. Under the Investment Agreement, Marimaca has agreed to exercise certain buyback rights in respect of royalties granted under the 1-23 Purchase Agreement and La Atomica option agreement prior to commercial production which total US$6.0 million in aggregate.

Certain concessions that make up the Marimaca Project are under option agreements as follows:

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); $0.05 million on the 16-month anniversary (paid); $0.1 million on the 24-month anniversary (paid); $0.125 million on the 28-month anniversary (paid); $0.125 million on the 36-month anniversary (paid); $0.15 million on the 40-month anniversary (paid), and $1.4 million on the 48-month anniversary. In addition, the Llanos and Mercedes claims are subject to a 1% NSR with a purchase option for the NSR of $0.5 million exercisable up to 24 months from the start of commercial production.

Certain concessions that make up the greater Marimaca District are under option agreements as follows:

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 (paid); $0.11 million on the 24-month anniversary (paid) and $0.3 million on the 36-month anniversary. These claims are subject to a 1.5% NSR with a clause to buy a 0.5% NSR for $0.5 million exercisable at any 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 (paid); $0.11 million on the 24-month anniversary (paid) and $0.3 million on the 36-month anniversary. These claims are subject to a 1.5% NSR with a clause to buy a 0.5% NSR for $0.5 million exercisable at any time.

Note 7 - Accounts payable and accrued liabilities

(In thousands of US dollars)		**December 31, 2022**		December 31, 2021
Accounts payable	**$**	**179**	$	397
Accrued liabilities		**382**		1,011
	$	**561**	$	1,408

Note 8 - Acquisition debt

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) $3.2 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 $6.1 million using an annual discount rate of 12% for two years. The Company paid $0.2 million in interest relating to the deferral of an instalment from May 2021 to October 2021.

As at December 31, 2022, all amounts had been paid.

Note 9 – Shareholders' equity

a) Share capital

Authorized and Issued

The Company authorized capital includes an unlimited number of common shares having no par value. As at December 31, 2022, the Company had 88.2 million common shares issued and outstanding (December 31, 2021 – 88.0 million).

Private Placement

On March 1, 2021, the Company completed a non-brokered private placement pursuant to which it issued 9.4 million units ("Units") at a price of C$3.30 per Unit for gross proceeds of C$30.9 million ($24.5 million). Each Unit comprised 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 entitled 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 0.2 million Common Shares as consideration for services rendered valued at C$0.8 million ($0.7 million) and incurred an additional $0.1 million in share issue costs.

In addition, Greenstone Resources II LP and Greenstone Co-Investment No. 1 (Coro) LP (collectively, "Greenstone") elected to acquire 4.2 million Units pursuant to the exercise of preemptive 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).

b) Stock options

During 2020, the Company adopted an incentive plan (the "Omnibus Plan") which allows for the issuance of stock options and restricted share units ("RSUs") and replaced the Company's old stock option plan. The maximum number of common shares of the Company available for issuance under the Omnibus Plan must 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 previous plan.

During the year ended December 31, 2022, the Company granted 0.2 million stock options (2021 – 4.7 million) having a weighted average exercise price of C$3.70 per stock option (2021 – C$4.65) and a weighted average life of 5 years (2021 – 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$0.3 million (2021 – C$11.8 million).

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

Stock options were valued using the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted: risk-free rate – 3.40% (2021 – 0.30%); volatility – 58% (2021 – 65%); expected life – 5 years (2021 – 5 years) and dividend yield – 0% (2021 – 0%).

	2022			2021		
	Number of options		**Weighted average exercise price C$**	Number of options		Weighted average exercise price C$
Outstanding - January 1,	**7,782,741**	**$**	**3.78**	4,078,246	$	2.59
Granted	**200,000**		**3.70**	4,725,000		4.65
Exercised	**(508,764)**		**2.47**	(377,403)		1.34
Forfeited	**-**		**-**	(286,664)		4.37
Expired	**-**		**-**	(356,438)		3.72
Outstanding - December 31,	**7,473,977**	**$**	**3.87**	7,782,741	$	3.78
Exercisable - December 31,	**5,858,977**	**$**	**3.68**	4,056,074	$	3.35

As at December 31, 2022, the following stock options were outstanding:

Number of options outstanding	**Number of option vested and exercisable**	**Exercise price**	**Weighted average remaining life**
440,000	440,000	1.250	2.31
300,000	300,000	1.500	0.93
145,644	145,644	1.725	0.70
1,850,000	1,850,000	3.200	2.74
1,170,000	780,000	3.690	3.98
200,000	66,667	3.700	4.73
200,000	133,333	4.600	3.23
100,000	66,667	4.390	2.34
3,068,333	2,076,666	5.000	3.35
7,473,977	**5,858,977**	**3.87**	**3.13**

During the year ended December 31, 2022, stock-based compensation was $3.9 million (2021 – $8.1 million) related to the vesting of stock options and RSUs.

The Company issued 0.2 million common shares in 2022 (2021 – 0.3 million) related to the exercise of certain stock options, generating net proceeds of $Nil (2021 - $0.2 million). The weighted average share price on the date of exercise was C$4.02 per common share (2021 – C$3.79 per common share).

c) RSUs
During the year ended December 31, 2022, no RSUs (2021 – 0.4 million) were awarded.

As at December 31, 2022 and 2021, the following RSUs were outstanding:

	2022	2021
	Number of RSUs	Number of RSUs
Outstanding - January 1	**410,554**	-
Granted	-	410,554
Outstanding -December 31,	**410,554**	410,554
Exercisable - December 31,	**350,554**	126,683

d) Warrants

In March 2021, the Company issued 6.8 million Warrants in connection with the completion of the private placement described in Note 10(a) above. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: risk-free rate – 0.24%; expected life – 1.75 years; volatility – 61%; dividend yield – 0%, resulting in a fair value attributable to the warrants of C$8.9 million ($7.1 million).

	2022			2021		
	Number of Warrants	**Weighed average exercise price**	**Weighted average remaining life (years)**	Number of Warrants	Weighed average exercise price	Weighted average remaining life (years)
Outstanding - January 1	11,157,927	$ 4.09	0.92	4,688,873	$ 4.08	0.92
Issued	-	-	-	6,791,304	4.10	-
Exercised	-	-	-	(322,250)	4.10	-
Expired	(11,157,927)	4.09	-	-	-	-
Outstanding - December 31,	-	-	-	11,157,927	$ 4.09	0.92

Note 10 - Income tax

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 27% (2021 – 27%) were as follows:

(In thousands of US dollars)	**2022**	2021
Net loss	**$ (2,161)**	$ (18,806)
Income tax recovery at statutory rates	**(584)**	(4,983)
Differences in foreign tax rates	**288**	(624)
Non-deductible expenses	**783**	2,141
Unrecognized (recognized) tax losses	**(487)**	3,466
	$ -	$ -

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

(In thousands of US dollars)	**2022**	2021
Operating losses carryforward	**$ 13,802**	$ 24,518
Mineral asset tax pools	**7,330**	-
Share issue costs	**200**	359
	$ 21,332	$ 24,877

As at December 31, 2021, Company's has non-capital losses carried forward of $40.8 million (2021 - $73.7 million) which are available to offset future years' taxable income. The following losses will expire as follows:

(In thousands of US dollars)	**Canada**	**Chile**	**Total**
2028 - 2032	$ 2,207	$ -	$ 2,207
2033 - 2037	4,620	-	4,620
2038 -2042	9,283	-	9,283
Indefinite	-	24,711	24,711
	$ 16,110	$ 24,711	$ 40,821

Note 11 - Related party transactions

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

	Year ended December 31,			
(In thousands of US dollars)		**2022**		2021
Short-term benefits[1]	**$**	**1,867**	$	1,571
Share-based payments[2]		**3,550**		8,056
Total	**$**	**5,417**	$	9,627

[1] Includes salary, benefits and short-term accrued incentives/other bonuses paid in the period.
[2] Represents the expense of stock options and restricted share units during the period.

Note 12 - Segmented information

The chief operating decision-maker organizes and manages the business under one operating segment. The table below shows the geographical location of various assets and liabilities held by the Company as at December 31, 2022 and the net income (loss) associated with each location for the year ended December 31, 2022.

(In thousands of US dollars)		**Chile**		**Canada**		**Total**
December 31, 2022						
Current assets		5,540		13,926	**$**	**19,466**
Non-current assets		65,338		21		**65,359**
Total assets		70,878		13,947		**84,825**
Current liabilities		342		219		**561**
Total liabilities		342		219		**561**
Net income (loss)		3,601		(5,762)		**(2,161)**
		Chile		Canada		Total
December 31, 2021						
Current assets	$	12,153		26,444	$	38,597
Non-current assets		54,206		(6)		54,200
Total assets		66,359		26,438		92,797
Current liabilities		8,777		709		9,486
Total liabilities		8,777		709		9,486
Net loss	$	(7,801)	$	(11,005)	$	(18,806)

Note 13 - Financial instruments

The carrying amounts of the Company's financial assets is as follows:

(In thousands of US dollars)	**Fair value Hierarchy Classification**	**December 31, 2022**	**December 31, 2021**
Fair value through profit and loss:			
Derivative asset	Level 3	$ 8,560	$ -

The fair value of the derivative related to the Rayrock sale was estimated based on a discounted future cash flows using a probability-based valuation model resulting in a fair value adjustment during the year ended December 31, 2022 of $779 (2021 – Nil). The model is updated quarterly for the Company's credit spread, copper price forward curve and/or consensus copper prices and estimate of future payment dates. Payments from 5Q are related to the average LME copper price, if for example, copper prices were to increase or decrease from the current forward prices and/or consensus copper prices as at December 31 2022 by 20% and all other assumptions remained the same, the approximate derivative value would be $7.554 million and $9.163 million, respectively.

As at December 31, 2022, the Company's carrying values of cash and cash equivalents, amounts receivable, accounts payable and 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 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 currency is the U.S. 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 Canadian and US dollars.

Total currency exposure from foreign currencies is equivalent to $1.2 million as at December 30, 2022 ($9.2 million as of December 31, 2021). Based on the net exposures as of December 31, 2022, and assuming that all other variables remain constant, a change of 10% in the Canadian dollar and/or Chilean peso against the US dollar would result in a change in the Company's net loss of approximately $0.17 million and $0.16 million, respectively. 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 is the only financial instrument the Company holds that is impacted by interest. There is limited interest rate risk associated with the 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 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.

Note 14 – Capital management

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of finance to fund the growth and development of its mining properties, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and adjusts it for changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part, including mineral property interests. The Company's overall strategy with respect to management of capital as December 31, 2022 remains fundamentally unchanged from the year ended December 31, 2021.