

**MIRASOL RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2019**

**Canadian Funds**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Mirasol Resources Ltd.

### *Opinion*

We have audited the accompanying consolidated financial statements of Mirasol Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

October 25, 2019

**Mirasol Resources Ltd.**  
**Consolidated Statements of Financial Position**

Canadian Funds  
As at

	June 30, 2019	June 30, 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3d)	\$ 4,648,284	\$ 2,892,948
Short-term investments (Note 6)	16,836,008	23,650,478
Receivables and advances (Note 7)	458,707	733,591
	<u>21,942,999</u>	<u>27,277,377</u>
<b>Equipment and Software</b> (Note 8)	201,041	101,661
<b>Exploration and Evaluation Assets</b> (Note 9)	3,047,718	3,000,762
	<u>\$ 25,191,758</u>	<u>\$ 30,379,800</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 430,239	\$ 743,842
Advances from JV Partner (Note 9e and Note 9k)	846,947	67,892
	<u>1,277,186</u>	<u>811,734</u>
<b>EQUITY</b>		
<b>Share Capital</b> (Note 11)	57,677,690	57,426,143
<b>Reserves</b>	17,354,426	16,615,061
<b>Accumulated Other Comprehensive loss</b>	(25,742)	(28,122)
<b>Deficit</b>	<u>(51,091,802)</u>	<u>(44,445,016)</u>
	<u>23,914,572</u>	<u>29,568,066</u>
	<u>\$ 25,191,758</u>	<u>\$ 30,379,800</u>

**Nature of Business** (Note 1)

**Commitments** (Note 14)

**Subsequent Event** (Note 15)

On Behalf of the Board:

“Norman Pitcher” , Director

“Nick DeMare” , Director

**Mirasol Resources Ltd.****Consolidated Statements of Loss and Comprehensive Loss**

For the Years Ended June 30

Canadian Funds

	2019	2018
<b>Operating Expenses</b>		
Exploration expenditures (Note 9 and 10b)	\$ 2,656,673	\$ 2,762,028
Share-based payments (Note 11c)	859,562	500,620
Business development	628,549	667,361
Management fees (Note 10a)	622,691	478,613
Office and miscellaneous	353,461	307,142
Marketing and investor communications	267,569	241,370
Professional fees (Note 10b)	220,022	170,141
Director's fees (Note 10a)	180,750	186,241
Travel	78,635	98,369
Transfer agent and filing fees	41,478	40,871
Depreciation (Note 8)	8,395	5,229
	<u>(5,917,785)</u>	<u>(5,457,985)</u>
Interest income	440,137	360,756
Foreign exchange gain (loss)	(1,169,138)	756,098
	<u>(729,001)</u>	<u>1,116,854</u>
<b>Loss for the Year</b>	<u>\$ (6,646,786)</u>	<u>\$ (4,341,131)</u>
<b>Other Comprehensive income (loss) to be Reclassified to Profit or Loss in Subsequent Periods</b>		
Exchange differences on translation of foreign operations	<u>2,380</u>	<u>(4,684)</u>
<b>Loss and Comprehensive Loss for the Year</b>	<u>\$ (6,644,406)</u>	<u>\$ (4,345,815)</u>
Loss per Share (Basic and Diluted)	<u>\$ (0.12)</u>	<u>\$ (0.09)</u>
<b>Weighted Average Number of Shares Outstanding (Basic and Diluted)</b>	<u>53,926,419</u>	<u>49,450,240</u>

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

**Mirasol Resources Ltd.**

**Consolidated Statement of Changes in Equity**

Canadian Funds

	Share Capital Common Shares		Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
	Number	\$	\$	\$	\$	\$
<b>Balance – June 30, 2017</b>	<b>49,116,078</b>	<b>48,303,568</b>	<b>16,361,942</b>	<b>(23,438)</b>	<b>(40,103,885)</b>	<b>24,538,187</b>
Shares issued – Private Placement	4,317,750	8,635,500	-	-	-	8,635,500
Shares issue costs	-	(196,090)	-	-	-	(196,090)
Option exercised (Note 11b)	388,800	683,165	(247,501)	-	-	435,664
Share-based payments (Note 11c)	-	-	500,620	-	-	500,620
Foreign currency translation adjustment	-	-	-	(4,684)	-	(4,684)
Loss for the year	-	-	-	-	(4,341,131)	(4,341,131)
<b>Balance – June 30, 2018</b>	<b>53,822,628</b>	<b>57,426,143</b>	<b>16,615,061</b>	<b>(28,122)</b>	<b>(44,445,016)</b>	<b>29,568,066</b>
Bonus shares issued (Note 10a)	75,000	86,250	-	-	-	86,250
Option exercised (Note 11b)	51,250	67,897	(22,797)	-	-	45,100
Share-based payments (Note 11))	85,000	97,400	762,162	-	-	859,562
Foreign currency translation adjustment	-	-	-	2,380	-	2,380
Loss for the year	-	-	-	-	(6,646,786)	(6,646,786)
<b>Balance – June 30, 2019</b>	<b>54,033,878</b>	<b>57,677,690</b>	<b>17,354,426</b>	<b>(25,742)</b>	<b>(51,091,802)</b>	<b>23,914,572</b>

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

**Mirasol Resources Ltd.**

**Consolidated Statement of Changes in Cash flows**

**For the Years Ended June 30**

*Canadian Funds*

	2019	2018
<b>Operating Activities</b>		
Loss for the year	\$ (6,646,786)	\$ (4,341,131)
Adjustments for:		
Share-based payments	859,562	500,620
Bonus shares	86,250	
Interest income	(440,137)	(360,756)
Depreciation	8,395	5,229
Depreciation included in exploration expenses	44,547	29,562
Unrealized foreign exchange	579,775	91,592
	<u>(5,508,394)</u>	<u>(4,074,884)</u>
Changes in non-cash working capital items:		
Receivables and advances	560,860	166,110
Accounts payable and accrued liabilities	(313,603)	211,193
Advance from joint venture partner	779,055	67,892
Cash used in operating activities	<u>(4,482,082)</u>	<u>(3,629,689)</u>
<b>Investing Activities</b>		
Short-term investments	6,814,470	(6,857,713)
Acquisition of exploration and evaluation assets	(75,205)	(61,491)
Recovery of exploration and evaluation assets	28,249	61,491
Interest received	154,521	5,197
Purchase of equipment and software	(152,322)	(32,775)
Cash used in investing activities	<u>6,769,712</u>	<u>(6,885,291)</u>
<b>Financing Activities</b>		
Shares issued, net of issuance costs	-	8,439,410
Exercise of incentive share purchase options	45,100	435,664
Cash provided by financing activities	<u>45,100</u>	<u>8,875,074</u>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<u>(577,395)</u>	<u>(96,276)</u>
<b>Change in Cash and Cash Equivalents</b>	1,755,336	(1,736,182)
Cash and Cash Equivalents - Beginning of Year	2,892,948	4,629,130
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 4,648,284</u>	<u>\$ 2,892,948</u>
<b>Supplemental Schedule of Non-Cash Investing and Financing Transactions:</b>		
Fair value of options exercised	\$ 22,797	\$ 247,501
Fair value of bonus warrants	\$ -	\$ -
<b>Cash and Cash Equivalents Consist of:</b>		
Cash	\$ 4,642,067	\$ 1,172,260
Cash equivalents	\$ 6,217	\$ 393,994
	<u>\$ 4,648,284</u>	<u>\$ 2,892,948</u>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

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

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**1. Nature of Business**

Mirasol Resources Ltd. (“Mirasol” or the “Company”) is incorporated under the laws of the Province of British Columbia, Canada. The Company’s corporate registered and records office is located at 400 – 725 Granville Street, Vancouver, British Columbia and the head office is located at 1150 - 355 Burrard Street, Vancouver, British Columbia.

Mirasol engages in the acquisition and exploration of mineral properties, principally located in Chile and Argentina, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recovery of the Company’s exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. While the Company has been successful in the past with its financing efforts, there can be no assurance that it will be able to do so in the future.

Management estimates that the Company has sufficient working capital to maintain its operations and activities for at least next twelve months.

**2. Basis of Presentation**

**Statement of compliance**

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies presented in Note 3 were consistently applied to all periods presented. The Board of Directors approved the consolidated financial statements on October 25<sup>th</sup>, 2019.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis. Financial instruments classified as financial instruments at fair value through profit or loss are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**3. Significant Accounting Policies**

**a) Consolidation**

These consolidated financial statements include the accounts of the Company (the “Parent”) and its subsidiaries. The principal subsidiaries of the Company, their activities, and their geographic locations as at June 30, 2019 were as follows:

<i>Subsidiary</i>	Principal activity	Location	Proportion of interest held by the Company
Minera Mirasol Chile Limitada	Mineral exploration	Chile	100%
Cabo Sur S.A.	Mineral exploration	Argentina	100%
Australis S.A.	Mineral exploration	Argentina	100%
Minera Del Sol S.A.	Mineral exploration	Argentina	100%
Nueva Gran Victoria S.A.	Mineral exploration	Argentina	100%
La Curva Exploraciones S.A.	Mineral exploration	Argentina	100%
Oroaustral Exploraciones S.A.	Mineral exploration	Argentina	100%
Recursos Mirasol Holdings Ltd.	Holding company	British Virgin Islands	100%
MDS Property Holdings Ltd.	Holding company	British Virgin Islands	100%

Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition or control and up to the effective date of disposition or loss of control. Control is achieved when the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with an investee, and has the ability to affect those returns through its power over the investee.

The transactions among the entities in the consolidated group pertain to the transfer of funds and payment of third party costs. All inter-group transactions and balances have been eliminated upon consolidation.

La Curva Exploraciones S.A and Oroaustral Exploraciones S.A were incorporated as of July 10, 2017 and December 28, 2017 respectively in order to carry out exploration on joint ventured projects.

**b) Significant Accounting Estimates and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

**b) Significant Accounting Estimates and Judgments (Cont'd...)**

Significant accounting estimates and judgments are related to, but are not limited to, the following:

- (i) Impairment of exploration and evaluation assets: The capitalized carrying value of each property group is reviewed regularly for conditions that are indicators of impairment. This review requires significant judgment as the Company does not have any proven and probable reserves that enable future cash flows to be compared to the carrying values. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the claims' value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the claims' acquisition, or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future; and whether the Company has the necessary funds to be able to maintain its interest in the mineral claims.

The Company has concluded that impairment conditions do not exist as at June 30, 2019.

Ownership of exploration and evaluation assets involves certain risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration and evaluation assets.

The Company has investigated ownership of its exploration and evaluation assets and, to the best of its knowledge, ownership of its interests are in good standing.

- (ii) Valuation of share purchase options: The Company provides compensation benefits to its employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model.

Expected volatility assumption used in the model is based on the historical volatility of the Company's share price. The Company uses historical data to estimate the period of option exercises and their forfeiture rates for use in the valuation model.

The risk-free interest rate for the expected term of the option is based on the yields of government bonds. Changes in these assumptions, especially the volatility and the expected life determination could have a material impact on the Company's profit or loss. All estimates used in the model are based on historical data which may not be representative of future results.

- (iii) Income taxes: The Company is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to interpretations of tax regulations.

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. The recognition of deferred tax assets requires management to assess the likelihood that the Company will generate taxable income in future periods to utilize the deferred tax assets. Due to a history of losses deferred tax assets have not been recognized.

- (iv) Functional currencies: The functional currency of an entity is the currency of the primary economic environment in which an entity operates. The determination of an entity's functional currency requires judgment based on analysis of relevant factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Except for the Company's subsidiaries in the British Virgin Islands (Note 3a) above), the Company has determined that its subsidiaries in Chile and Argentina incur costs in United States Dollars, Canadian Dollars, Australian dollars as well as the Chilean and Argentine Pesos and therefore do not indicate a single primary currency for operating in these jurisdictions. These subsidiaries including the British Virgin Islands are financed entirely by its Canadian Parent and therefore act as its extension. The Company has therefore determined that the functional currency of all of its subsidiaries is the Canadian Dollar, similar to the Parent.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**c) Foreign Currencies**

The functional currency of the Company and its operating subsidiaries, Minera Del Sol S.A., Australis S.A., Nueva Gran Victoria S.A., Cabo Sur S.A., La Curva Exploraciones S.A., Oroaustral Exploraciones S.A., and Minera Mirasol Chile Limitada, is the Canadian Dollar (“\$”). The functional currency of its holding subsidiaries, Recursos Mirasol Holdings Ltd., and MDS Property Holdings Ltd. is the United States Dollar.

Any transactions in currencies other than the functional currency have been translated to the Canadian Dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with a functional currency other than the Canadian Dollar are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting changes are recognized in accumulated other comprehensive income (loss) (“AOCI”) in equity as a foreign currency translation adjustment. The Company’s presentation currency is the Canadian Dollar.

**d) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit with banks and short-term interest-bearing investments with maturities of three months or less at the purchase date. Deposits with banks and short-term interest-bearing investments with original term to maturity greater than three months but less than one year are presented as short-term investments.

**e) Financial Instruments**

As at July 1, 2018, the Company adopted all of the requirements of IFRS 9, which replaced IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and a new “expected credit loss model” for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is substantially unchanged.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	Original classification IAS 39	New classification IFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Financial assets – FVTPL	Financial assets - FVTPL
Short term investments	Financial assets – FVTPL	Financial assets - FVTPL
Receivables	Loans and receivables - amortized cost	Amortized cost
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	Other financial liabilities - amortized cost	Amortized cost
Advances from JV Partner	Other financial liabilities - amortized cost	Amortized cost

**e) Financial instruments (Cont'd)**

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). The following are new accounting policies for financial assets under IFRS 9.

The Company classifies its financial assets in one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) loans and receivables at amortised cost or (3) financial assets at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

*Financial assets at amortized cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

*Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

*Financial Liabilities*

Financial liabilities are recognized initially at fair value and in the case of financial liabilities not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expired. Trade payables and accrued liabilities, debentures and deferred consideration on acquisition are classified as financial liabilities to be subsequently measured at amortized cost.

*Expected Credit Losses*

The Company recognizes an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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*Expected Credit Losses (Cont'd...)*

allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. A financial asset is considered in default when contractual payments are 365 days past due. Therefore, the Company does not track changes in credit risk but makes a loss allowance based on 12 months ECL.

A financial asset may also be considered to be in default if internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**f) Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs").

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial 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 in profit or loss in the period of such reversal.

**g) Equipment and Software**

Equipment and software are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

The Company provides for depreciation as follows:

- Exploration equipment: 30% declining balance;
- Computer hardware: 30% declining balance; and
- Computer software: straight-line over the estimated life of three years.

The Company allocates the amount initially recognized to each asset's significant components and depreciates each component separately. Residual values, depreciation methods and useful lives of the assets are reviewed periodically and adjusted on a prospective basis as required.

**h) Exploration and Evaluation Assets**

The Company capitalizes the direct costs of acquiring mineral property interests as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, and is technically feasible, in which case the balance is tested for impairment and subsequent development costs are capitalized. Exploration costs include value-added taxes because the recoverability of these amounts is uncertain.

The receipt of option payments from the Company's joint venture partners are applied first towards the capitalized cost for the acquisition of pertinent mineral property interests. Option payments in excess of the capitalized acquisition costs are netted against the exploration costs for the period. JV management fees are included in exploration expenditures on the statement of loss and comprehensive loss.

**i) Provisions**

- (i) Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax rate for risk specific to the liability.

The liability is also accreted to full value over time through periodic charges to profit or loss. This unwinding of the discount is charged to financing expense in profit or loss.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit or loss. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

For the years presented, the Company does not have any decommissioning or restoration provisions.

- (ii) Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax rate for risk specific to the liability.

**j) Income Taxes**

Income tax expense (recovery) is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of statement of financial position and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**j) Income Taxes (Cont'd...)**

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

**k) Share-based Payments**

The Company grants share options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payment expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payment expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the equity instruments issued. Otherwise, such share-based payments are measured at the fair value of goods or services received.

The Company grants to employees, officers, directors and consultants, Restricted Share Units ("RSUs") in such numbers and for such terms as may be determined by the Board. RSUs granted under the RSU Plan are exercisable into common shares for no additional consideration after the vesting conditions, as specified by the Board, are met. The Company intends to settle each RSU with one common share of the Company and therefore RSUs are accounted for as equity-settled instruments.

RSUs are measured at fair value on the date of grant and the corresponding share-based compensation is recognized over the vesting period in profit or loss.

**l) Loss per Share**

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year.

The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. For the year presented, this calculation proved to be anti-dilutive.

**m) Comprehensive Income (Loss)**

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in equity which results from transactions and events from sources other than the Company's shareholders. The Company's translation of its subsidiaries which have a functional currency other than the Canadian Dollar is the only item affecting comprehensive income (loss) for the years presented.

#### **n) Share Capital**

Common shares of the Company are classified as equity. Transactions costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the quoted bid price on the issuance date. The balance, if material, was allocated to the attached warrants. Any fair value attributed to the warrants on exercise is recorded as equity. If the warrants are exercised the related reserves are reclassified from reserves to share capital.

#### **4. Recent Accounting Pronouncements and Adoptions**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC.

- a) IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and FVTPL. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Adoption of this standard did not have a significant impact on the Company other than increased disclosure.

- b) IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to the users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations.

It is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Adoption of this standard did not have an impact on the Company.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**4. Recent Accounting Pronouncements and Adoptions (Cont'd...)**

- c) IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after July 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company plans to apply IFRS 16 effective July 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitment. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at July 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of deficit. The Company intends to apply the following practical expedients permitted under the new standard:

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

The impacts on profit or loss will be an elimination of lease expense within general and administrative expenses, for those contracts with are recognized as leases, and instead will be replaced by an amortization of the right of use asset and interest (finance) costs on the lease liability.

As at July 1, 2019 the Company expects to recognize approximately \$326,000 in right-of-use assets, a corresponding lease liability of \$326,000.

**5. Financial Instruments**

*Categories of financial instruments*

	June 30, 2019	June 30, 2018
<b>Financial assets</b>		
Fair Value Through Profit or Loss		
Cash and cash equivalents	\$ 4,648,284	\$ 2,892,948
Short-term investments	16,836,008	23,650,478
Amortized Cost		
Receivables	331,505	568,692
	<b>\$ 21,815,797</b>	<b>\$ 27,112,118</b>
<b>Financial liabilities</b>		
Amortized Cost		
Advances from JV Partner	\$ 846,947	\$ 67,892
Accounts payable and accrued liabilities	430,239	743,842
	<b>\$ 1,277,186</b>	<b>\$ 811,734</b>

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**a) Fair Value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;  
 Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and,  
 Level 3 – Inputs that are not based on observable market data;

	June 30, 2019	June 30, 2018
Level 1		
Cash and cash equivalents	\$ 4,648,284	\$ 2,892,948
Short-term investments	\$ 16,836,008	\$ 23,650,478

The fair values of the Company's other financial instruments approximate their carrying values because of the short-term nature of these instruments.

**Management of Capital Risk**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, enter into joint ventures or obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

To maximize ongoing exploration, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of twelve months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

**b) Management of Financial Risk**

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

(i) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Argentina and Chile and a portion of its expenses are incurred in United States ("US") dollars, Australian dollars and in Argentine and Chilean Pesos. A significant change in the currency exchange rates between the US and Australian dollar relative to the Canadian dollar and the Argentine and Chilean Peso to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**b) Management of Financial Risk (Cont'd...)**

At June 30, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in US and Australian dollars and Argentine and Chilean Pesos:

	US Dollars	Australian Dollars	Argentine Peso	Chilean Peso
Cash and cash equivalents	686,026	434,197	19,932,529	535,335,164
Short-term investments	10,900,246	487,759	-	-
Receivables and advances	-	-	893,566	19,866,735
Accounts payable and accrued liabilities	(15,504)	(22,127)	(8,804,776)	(10,389,639)

Based on the net exposures as at June 30, 2019, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US and Australian dollar would result in an increase/decrease of \$1,514,266 and \$82,577, respectively in the Company's comprehensive loss. Likewise, a 10% depreciation or appreciation of the Canadian dollar against the Argentine and Chilean Peso would result in an increase/decrease of \$36,905 and \$105,149, respectively in the Company's comprehensive loss.

(ii) Credit risk

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

The Company's cash and cash equivalents is held through large financial institutions. The Company's receivables primarily consist of interest receivable due from major financial institutions on short term investments. Management believes that credit risk concentration with respect to receivables is remote.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. As at June 30, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities and advances from JV partner. All of the Company's obligations are expected to be paid within 90 days. Management believes the Company has sufficient funds to meet its liabilities as they become due.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held to maturity. The applicable rates of interest on such investments range between 0.05% and 3.25%.

(v) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant other price risk.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**6. Short-term Investments**

Short term investments comprise cashable and non-cashable Guaranteed Investment Certificates (“GIC”) placed with major Canadian and US financial institutions bearing interest between 1.25% and 5.00% per annum. Maturity dates of these GIC’s are between three to twelve months.

**7. Receivables and Advances**

		June 30, 2019		June 30, 2018
Goods and services tax receivable	\$	6,745	\$	10,134
Interest receivable		324,760		199,656
Prepaid expenses and advances		127,202		165,259
Due from joint venture partners		-		358,902
	\$	458,707	\$	733,951

**8. Equipment and Software**

		Exploration Equipment		Computer Hardware		Computer Software		Total
<b>Cost</b>								
Balance as at June 30, 2017	\$	477,231	\$	57,883	\$	37,834	\$	572,948
Additions for the year		-		32,775		-		32,775
Balance as at June 30, 2018	\$	477,231	\$	90,658	\$	37,834	\$	605,723
Additions for the year		150,490		1,832		-		152,322
Balance as at June 30, 2019	\$	627,721	\$	92,490	\$	37,834	\$	758,045
<b>Accumulated Depreciation</b>								
Balance as at June 30, 2017	\$	386,826	\$	44,611	\$	37,834	\$	469,271
Depreciation for the year		27,122		7,669		-		34,791
Balance as at June 30, 2018	\$	413,948	\$	52,280	\$	37,834	\$	504,062
Depreciation for the year (i)		41,151		11,791		-		52,942
Balance as at June 30, 2019	\$	455,099	\$	64,071	\$	37,834	\$	557,004
<b>Carrying Amounts</b>								
As at June 30, 2018	\$	63,283	\$	38,378	\$	-	\$	101,661
As at June 30, 2019	\$	172,622	\$	28,419	\$	-	\$	201,041

(i) Allocated between depreciation expense (\$8,395) (2018 - \$5,229) and exploration costs (\$44,547) (2018- \$29,562) on the statement of loss and comprehensive loss.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
For the Years Ended June 30  
Canadian Funds

**9. Exploration and Evaluation Assets**

A reconciliation of capitalized acquisition costs is as follows:

**Acquisition Costs**

	Balance at June 30, 2018		Cost		Recoveries		Balance at June 30, 2019
<b>Chile</b>							
Atlas - Dos Hermanos	\$ 171,777	\$	-	\$	-	\$	171,777
Los Amarillos (Enami)	-		13,260		-		13,260
Zeus	-		28,249		(28,249)		-
<b>Argentina</b>							
Santa Rita and Virginia	2,808,819		-		-		2,808,819
Sascha-Marcelina	-		33,696		-		33,696
Pipeline projects	20,166		-		-		20,166
	\$ 3,000,762	\$	75,205	\$	(28,249)	\$	3,047,718

	Balance at June 30, 2017		Cost		Recoveries		Balance at June 30, 2018
<b>Chile</b>							
Atlas - Dos Hermanos	\$ 171,777	\$	-	\$	-	\$	171,777
Zeus	-		61,491		(61,491)		-
<b>Argentina</b>							
Santa Rita and Virginia	2,808,819		-		-		2,808,819
Pipeline projects	20,166		-		-		20,166
	\$ 3,000,762	\$	61,491	\$	(61,491)	\$	3,000,762

The Company owns 100% of the mineral exploration rights to a large portfolio of properties focused in two mining regions, namely the Atacama region in northern Chile and the Santa Cruz Province in southern Argentina. As well the Company holds several other properties in both San Juan and Catamarca provinces of northern Argentina. The Company also focuses on generative exploration to identify and acquire new prospects.

**Chile**

**a) Altazor option to joint venture**

The Company owns a 100% interest in certain claims located in Northern Chile and referred to as the Altazor Gold project.

On November 7, 2017, the Company signed an exploration and option agreement with Newcrest International Pty Limited ("NCM") on the Altazor Gold project whereby, NCM has been granted the option to acquire up to an 80% interest in the property, exercisable in stages over a nine-year, or shorter, earn-in period.

The agreement required NCM to fund US\$1.5 million in exploration expenditures and make a US\$100,000 option payment (received) in the first year of the option. The Company served as operator for exploration during the option period in return for 10% management fee. As of July 1, 2018, the Company is no longer the operator for exploration and is not receiving the management fees.

NCM can earn up to 51% interest in the property by making a one-time US\$500,000 cash payment (received) to the Company at the start of the earn in period and by spending an additional US\$8.5 million in exploration within the next four years of the agreement.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**a) Altazor option to joint venture (Cont'd...)**

NCM can earn in stages up to a 75% interest in the property by delivering a positive Preliminary Economic Assessment (“PEA”) and a Bankable Feasibility Study (“BFS”) (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making US\$1.3 million cash payments to the Company within the four years after earning the 51% interest.

The Company can retain a participating 25% interest in the project or a 20% funded-to production interest with NCM financing the development costs to production.

On November 12, 2018, NCM exercised its option to enter the farm-in stage of the agreement and can earn up to 51% of the interest of the property by spending an additional US\$8.5 million in exploration within the next four years of the agreement. NCM is the operator and will be managing all exploration activities at the project.

**b) Zeus option to joint venture**

The Company owns a 100% interest in certain claims, which now form part of the Zeus Gold project located in Northern Chile acquired by way of staking.

During the year ended June 30, 2018, the Company entered into an option agreement to acquire a 100% in certain other claims, which form part of the Zeus Gold project. The Company can acquire the claims under option by making staged option payments totalling US\$2.747 million over five years and incur US\$300,000 in exploration expenditures within three years. The property owner retains a 1.5% Net Smelter Returns (“NSR”) royalty. The Company has a right to buy 0.5% of the royalty for US\$3.0 million. Option payments are due as follows:

On signing (paid)	US \$12,000
On or before October 10, 2018 (paid)	US \$30,000
On or before October 10, 2019 (paid)	US \$50,000
On or before October 10, 2020	US \$70,000
On or before October 10, 2021	US \$90,000
On or before October 10, 2022	US \$2,495,000
<u>Total</u>	<u>US \$2,747,000</u>

On February 22, 2018, the Company signed an exploration and option agreement with NCM whereby, NCM has been granted the option to acquire up to an 80% interest in the property, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement required NCM to fund US\$1.5 million in exploration expenditures in the first 18 months and to make a US\$100,000 option payment (received) upon signing option agreement. The Company served as operator for exploration during the option period in return for 10% management fee. As of July 1, 2018, the Company is no longer the operator for exploration and is not receiving the management fee. On December 10, 2018 the Company and NCM agreed to terminate the agreement. On February 1, 2019, the Company received US\$200,000 payment from NCM for termination of the Zeus Gold project joint venture.

**c) Indra option to joint venture**

On October 17, 2018, the Company signed an exploration and option agreement (the “Agreement”) with Hochschild Mining Plc (“HOC”) on its Indra Gold project in Chile. The Indra project was generated by the Company.

HOC has been granted the option to acquire up to a 70% interest in the Indra Gold project, exercisable in five stages over an eight-year, or shorter, earn-in period.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**c) *Indra option to joint venture (Cont'd...)***

The agreement requires HOC to incur US\$800,000 in exploration expenditures within 18-months and complete a drill program of 1,500 metres within 30 months of the date of the Agreement. In addition, a US\$50,000 option payment was paid upon signing the Agreement.

The first earn-in option for HOC to earn 51% interest over three years (total 4.5 years) from the date of the Agreement requires spending an additional US\$5.2 million on exploration and making two staged payments totalling US\$675,000 to the Company.

HOC can earn in stages additional 10% interest in the property by funding the delivering a positive PEA and further 9% by delivering a BFS.

The Company will retain a 30% interest or can exercise the funding option requiring HOC to fund its interest to production in the Indra project and retain 25%. The Company serves as operator during the option phase in return for a 10% management fee from exploration contracts with values less than US\$250,000 and 5% fee on contracts over US\$250,000.

During the year ended June 30, 2019, the Company received US\$1,153,486 in advances from Hochschild to be used on exploration expenditures. As of June 30, 2019, of the advanced amounts, \$846,494 is included in cash and cash equivalents.

**d) *Gorbea option to joint venture***

The Company owns a 100% interest in certain claims located in Northern Chile and referred to as the Gorbea Gold project.

On January 28, 2019, the Company signed a definitive agreement with NCM whereby, NCM has been granted the option to acquire up to an 75% interest in the Gorbea Gold project, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement requires NCM to fund US\$4.0 million in exploration expenditures and make a US\$100,000 option payment (received) in the first year of the option. NCM will be the operator of the exploration program and will receive a 5% management fee.

NCM can earn up to 51% of the interest of the property by making a US\$500,000 cash payment to the Company at the start of the earn in period and by spending an additional US\$15.0 million in exploration within the next four years of the agreement with minimum drilling commitment of 6,000 m to be completed within the first two years.

NCM can then earn in stages up to a 65% interest in the property by delivering a PEA and a BFS (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making a cash payment to the Company within the four years after earning the 51% interest.

The Company can retain a participating 25% interest in the project or has the right to convert up to 10% equity interest into 2.0% NSR royalty after completion of BFS stage.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**e) *Los Amarillos option to purchase***

The Company owns a 100% interest in certain claims, which now form part of the Los Amarillos Gold-Silver project located in Northern Chile acquired by way of staking.

During the year ended June 30, 2019, the Company entered into an option agreement to acquire a 100% in certain other claims, which form part of the Los Amarillos Gold-Silver project. The Company can acquire the claims under option by making staged option payments totalling US\$100,000 over three years and incur US\$300,000 in exploration expenditures within three years (including a committed US\$50,000 for the first 12 months). The property owner retains a 1.5% NSR royalty. The Company holds a right of First refusal on the royalty sale. Option payments are due as follows:

On signing (paid)	US \$10,000
On or before June 21, 2020	US \$20,000
On or before June 21, 2021	US \$30,000
On or before June 21, 2022	US \$40,000
<u>Total</u>	<u>US \$100,000</u>

**Argentina**

**f) *Claudia option to joint venture***

The Company owns a 100% interest in certain claims located in Santa Cruz Mining District, Argentina and referred to as the Claudia Gold property.

On October 20, 2017, the Company signed a definitive agreement with OceanaGold Corporation (“OGC”) whereby, OGC has been granted the option to acquire up to a 75% interest in the property, exercisable in 4 stages over an eight-year, or shorter, earn-in period.

The first earn-in option for OGC to earn 51% interest over four years from the date of the Agreement required spending US\$10.5 million on exploration, and making US\$1 million in staged payments to the Company. The Company served as operator of the project in return for a 5% management fee.

OGC paid US\$100,000 on signing of the agreement. OGC’s first-year commitment required US\$1.75 million in exploration expenditures with a minimum of 3,000 metres of drilling, and an additional US\$100,000 option payment (received) to continue into the second year commitment.

On March 22, 2019, the Company received notice from OGC that it terminated the agreement. The minimum first-year exploration commitment was not met by OGC as of the termination date. A payment of US\$128,410 was made in lieu of exploration commitments.

**g) *La Curva option to joint venture***

The Company owns a 100% interest in certain claims located in the Santa Cruz Province of Argentina and referred to as the La Curva Gold project.

On May 25, 2017, the Company signed an exploration and option agreement with OGC whereby OGC has been granted the option to acquire up to a 75% interest in the La Curva Gold project, exercisable in 5 stages over an eight-year, or shorter, earn-in period.

OGC completed its first-year commitment of US\$1.25 million in exploration expenditures, including 3,000 metres of drilling, and made a US\$100,000 option payment to the Company on signing the Agreement.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**g) La Curva option to joint venture (Cont'd...)**

OGC continued into the second-year commitment of the La Curva Gold project by making a US\$200,000 option payment (received) during the year ended June 30, 2019. The Company served as operator for exploration in return for 5% management fee.

On March 22, 2019, the Company received notice from OGC that it terminated the agreement.

**h) Sascha-Marcelina option to purchase**

The Company owns a 100% interest in certain claims, which now form part of the Sascha-Marcelina Gold project located in Santa Cruz, Argentina acquired by way of staking.

During the year ended June 30, 2019, the Company entered into an option to purchase agreement to acquire a 100% in certain other claims, which form part of the Sascha-Marcelina project. The Company can acquire the claims under option by making staged option payments totalling US\$3.4 million over four years. The Company has a minimum US\$300,000 exploration spending commitment during the three years of the option period. The property owner retains a 1.5% NSR royalty. Option payments are due as follows:

On signing (paid)	US \$25,000
On or before January 23, 2020	US \$50,000
On or before January 23, 2021	US \$75,000
On or before January 23, 2022	US \$100,000
On or before January 23, 2023	US \$3,150,000
<u>Total</u>	<u>US \$3,400,000</u>

**i) Santa Rita Property and Virginia Zone**

The Company owns a 100% interest in the Santa Rita property situated in the Santa Cruz Mining District, Argentina.

The Santa Rita property also hosts the Virginia prospect, thus together Santa Rita and Virginia account for total expenditures on the Santa Rita property.

**j) Pipeline Projects:**

The Company carries out exploration programs on a number of projects which are prospective for gold and/or silver mineralization in Chile and Argentina.

**k) Advances to/from joint venture partners:**

The Company is the operator for one joint venture project. As of June 30, 2019, the Company has \$846,947 (2018-\$67,892) of unspent exploration advances. Expense reimbursement receivable of \$Nil (2018-\$118,467) is included in accounts receivable as of June 30, 2019.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**10. Related Party Transactions**

Details of the transactions between the Company's related parties are disclosed below.

**a) Compensation of key management personnel**

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of management and independent directors was as follows:

	Year Ended June 30,	
	2019	2018
Management compensation (i)	\$ 579,015	\$ 501,273
Share-based payments (ii)	853,972	261,084
Director's fees (iii)	180,750	186,241
Bonus shares (iv)	86,250	-
	<b>\$ 1,699,987</b>	<b>\$ 948,598</b>

- i. Management compensation is included in Management fees (2019 - \$352,639; 2018 - \$272,046) and in exploration expenditures (2019 - \$226,376; 2018 - \$229,227).
- ii. Share-based payments represent the expense for the years ended June 30, 2019 (Note 11 c (ii)) and 2018.
- iii. The independent directors of the Company are paid \$2,100 per month (2018 - \$2,100 per month) while the Chairman of the Board of Directors receives an additional \$7,100 per month for serving in this capacity (2018 - \$7,100).
- iv. In November 2018, the Company signed consulting agreements, effective July 2018, with Global Ore Discovery Pty Ltd. ("Global Ore"), a company related through former CEO, to perform the duties of exploration services for the Company. Under the terms of the Global Ore agreement, the Company has retained the services of Global Ore consultants until June 30, 2019, to provide target generation related consulting services to the Company on an exclusive basis throughout Chile and Argentina. The Company has agreed to pay a minimum monthly retainer of Australian Dollar ("AUD") \$50,000 and six month minimum of \$350,000. The Company has an additional trailing one-year contact with Global Ore commencing July 1, 2019 to June 30, 2020 (Note 14).

Further, as additional consideration, the Company has agreed to issue 75,000 Retention Bonus Shares ("the Bonus Shares") (Issued January 3, 2019), subject to vesting, to key representatives of Global Ore other than Mr. Stephen Nano, the previous CEO of the Company.

The Bonus Shares were issued, subject to receipt of TSX Venture Exchange ("TSXV") acceptance, and are subject to escrow restrictions whereby 37,500 were released upon TSXV acceptance and signing of the Global Ore consulting contract; 18,750 released on January 1, 2019 and 18,750 released on April 1, 2019. The Global Ore trailing contract can be terminated at any time by Global Ore after four months from its commencement on July 1, 2019 with a one month's notice to the Company.

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**b) Transactions with other related parties**

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's directors and officers:

	<b>Nature of transactions</b>
Miller Thomson	Legal fees
Global Ore Discovery Pty Ltd. ("Global Ore")	Project generation, exploration management and GIS services
Evrin Resources Corp. ("Evrin")	Office administration support services and office sharing
Chase Management Ltd.	Professional fees
Mathew Lee	CFO services

The Company incurred the following fees and expenses with related parties as follows:

	Year Ended June 30,	
	2019	2018
Legal fees	\$ 213,426	\$ 189,138
CFO services	54,000	101,750
Office sharing and administration services	-	49,440
Project generation, exploration expenses and GIS services	788,077	711,619
	<b>\$ 1,055,503</b>	<b>\$ 1,051,947</b>

Included in accounts payable and accrued liabilities at June 30, 2019, is an amount of \$45,085 (2018 - \$153,904) owing to directors and officers of the Company and to companies where the directors and officers are principals.

**11. Share Capital**

**a) Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

**b) Changes in Share Capital**

**i. Financing**

No financings were conducted by the Company during the year ended June 30, 2019.

During the year ended June 30, 2018, the Company completed a non-brokered private placement issuing 4,317,750 units for gross proceeds of \$8,635,500. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each full warrant is exercisable into one common share at a price of \$3.00 for two years from the closing date.

The Company incurred \$126,750 cash finder's fees, \$69,340 for regulatory and other related fees.

**ii. Options exercised**

During the year ended June 30, 2019, the Company issued 51,250 (2018 - 388,800) shares on exercise of share purchase option for gross proceeds of \$45,100 (2018 - \$435,664). The options had a fair value of \$22,797 (2018 - \$247,501).

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**iii. Bonus shares**

During the year ended June 30, 2019, the Company issued 75,000 bonus shares, pursuant to the executed consulting contract with Global Ore Discovery Pty Ltd. ("Global Ore") with a fair value of \$86,250 (2018- \$Nil) (Note 10 a (iv)).

**c) Share Purchase Options**

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price on the TSXV on the day preceding the date of grant. The vesting terms for each grant are set by the Board of Directors.

The option plan provides that the aggregate number of shares reserved for issuance under the plan shall not exceed 10% of the total number of issued and outstanding shares. At June 30, 2019, a total of 5,403,388 options were reserved under the option plan with 3,711,876 options outstanding.

**(i) Movements in share purchase options during the year**

A summary of the Company's share purchase options and the changes for the year are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as at June 30, 2017	2,984,626	\$1.50
Granted	935,000	\$1.70
Exercised	(388,800)	\$1.12
Expired / Forfeited	(465,000)	\$1.08
Options outstanding as at June 30, 2018	3,065,826	\$1.67
Granted	1,420,000	\$1.21
Exercised	(51,250)	\$0.90
Expired / Forfeited	(722,700)	\$1.60
Options outstanding as at June 30, 2019	3,711,876	\$1.52
Options exercisable at June 30, 2019	3,265,626	\$1.55

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**(ii) Fair value of share purchase options granted**

Total share-based payments for options granted and vested recognised for the year ended June 30, 2019 amounted to \$737,262 (June 30, 2018 - \$500,620).

The fair value of options granted, and the incremental fair value of the amended options was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Year Ended June 30,	
	2019	2018
Expected dividend yield	0.0%	0.0%
Expected share price volatility	78.07%	64.46%
Risk-free interest rate	1.82%	1.57%
Expected life of options	2.73 years	2.33 years
Fair value of options granted (per share option)	\$0.56	\$0.65

**(iii) Share purchase options outstanding at the end of the year**

A summary of the Company's options outstanding as at June 30, 2019 is as follows:

Expiry Date	Exercise price \$	Options Outstanding	Weighted Average Remaining Life of Options (years)	Options Exercisable
August 4, 2019	0.88	140,000		140,000*
April 29, 2021	0.88	505,000		505,000
April 29, 2021	1.38	255,000		255,000
August 26, 2019	2.85	566,876		566,876*
September 12, 2021	1.80	150,000		110,000
September 12, 2020	1.80	150,000		150,000
December 19, 2020	1.61	195,000		195,000
December 20, 2020	1.65	330,000		330,000
July 18, 2021	1.76	60,000		60,000
December 14, 2021	1.10	397,500		397,500
January 31, 2022	1.27	150,000		150,000
January 31, 2023	1.27	600,000		200,000
March 14, 2023	1.09	200,000		200,000
April 15, 2022	0.68	12,500		6,250
		3,711,876	1.94	3,265,626

\*Options expired unexercised subsequent to June 30, 2019.

**d) Warrants**

On June 8, 2018, the Company issued 2,158,875 of share purchase warrants with an exercise price of \$3.00 expiring June 1, 2020. These warrants were outstanding as of June 30, 2019 (2018 - 2,158,875). These warrants were issued in connection with the Company's private placement offering (Note 11 b (i)).

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**e) Restricted Share Unit (“RSU”) Plan**

On April 26th, 2018, the shareholders approved a restricted share unit plan (the “RSU Plan”). The RSU plan was also approved by the Board on July 16th, 2018 and by the TSXV on July 17, 2018. The RSU Plan provides for the issuance of up to 1,000,000 restricted share units (the “RSUs”). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company’s stock option plan, will not exceed 10% of the Company’s outstanding common shares. The Company’s Compensation Committee and Board of Directors have approved an award of 120,000 RSUs.

During the year ended June 30, 2019, the vesting conditions of 85,000 RSU’s were met and the Company issued 85,000 common shares with a fair value of \$97,400 was recorded as share-based payments in the Company’s consolidated statements of loss and comprehensive loss. An additional \$24,900 was recorded as share-based payments for vesting of RSUs for which common shares have not yet been issued.

Subsequent to June 30, 2019, 35,000 RSU’s were granted.

**12. Segmented Information**

The Company’s business consists of a single reportable segment being mineral property acquisition and exploration. Details on a geographical basis are as follows:

<b>Total Non-Current Assets</b>	June 30, 2019	June 30, 2018
Canada	\$ 19,588	\$ 27,983
Argentina	2,961,146	2,844,780
Chile	268,025	229,660
	<b>\$ 3,248,759</b>	<b>\$ 3,102,423</b>

**13. Income Taxes**

The Company is subject to Canadian federal and provincial tax rates.

The Company has no taxable income in Canada.

The tax expense at statutory rates for the Company can be reconciled to the reported income taxes per the statement of loss and comprehensive loss as follows:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Net loss before income taxes	\$ (6,646,786)	\$ (4,341,131)
Canadian federal and provincial income tax rates	27.00%	26.50%
Expected income tax recovery based on the above	\$ (1,795,000)	\$ (1,150,400)
Non-deductible expenses	(1,063,000)	216,756
Change in statutory and foreign tax rates	-	710,673
Tax effect of deferred tax assets for which no tax benefit has been recorded	1,455,000	(2,316,280)
Foreign exchange and other	1,403,000	2,539,251
Total income tax recovery	\$ -	\$ -

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

**13. Income Taxes (Cont'd...)**

The Company's unrecognized deferred tax assets are as follows:

	June 30, 2019	June 30, 2018
Unrecognized deferred income tax assets:		
Non-capital losses	\$ 2,673,000	\$ 2,552,000
Exploration and evaluation assets	4,983,000	3,639,936
Share issue costs	48,000	67,051
Other	21,000	12,154
<b>Total unrecognized deferred income tax assets</b>	<b>\$ 7,725,000</b>	<b>\$ 6,271,140</b>

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Deductible temporary differences, unused tax losses and unused tax credits:

	June 30, 2019	June 30, 2018	Expiry date Range
Non-capital losses	\$ 9,934,000	\$ 9,403,016	See below
Exploration and evaluation assets	17,055,000	12,413,823	Not applicable
Share issue costs	179,000	248,336	2036
Other	79,000	45,121	Not applicable

The Company has non-capital loss carry-forwards of approximately \$9,934,000 that may be available for tax purposes. The loss carry-forwards are principally in respect of Canadian, Argentine and Chilean operations and expire as follows:

	Canada	Argentina	Chile
2020	\$ -	\$ 322,000	\$ -
2021	-	-	-
2022	-	492,000	-
2023	-	-	-
2024	-	113,000	-
2036 to 2039	7,164,000	-	-
No-expiry	-	-	1,843,000
	<b>\$ 7,164,000</b>	<b>\$ 927,000</b>	<b>\$ 1,843,000</b>

**Mirasol Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30**  
*Canadian Funds*

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**14. Commitments**

- a. On June 30, 2019, the Global Ore contract (Note 10 a (iv)) will expire. The Company has agreed to a 12-month trailing contract commencing on July 1, 2019. As part of the 12-month trailing contract, the Company has agreed to a one-year commitment to pay a minimum monthly retainer of AUD\$20,000 and a quarterly minimum of AUD\$75,000.

The Company has also agreed to issue Global Ore 25,000 common shares (issued) on commencement of the 12-month trailing contract and 25,000 common shares after six months. The Global Ore trailing contract can be terminated at any time by Global Ore after four months from its commencement on July 1, 2019 with one month's notice to the Company.

- b. On February 6, 2019, the Company signed a lease for its head office located at 1150 - 355 Burrard Street, Vancouver, British Columbia, effective May 1, 2019 to April 30, 2025. This lease is classified as an operating lease. The Company has made a security deposit of \$20,000. The minimum commitment is as follows:

<u>Period</u>	<u>Amount</u>
In 1 year	\$75,480
1 – 5 years	\$404,780
5 + years	Nil

**15. Subsequent Event**

On October 4, 2019, the Company entered into definitive agreement (the "Agreement") with First Quantum Minerals ("FQM") for its Coronación Copper/Gold Project (the "Project") in Northern Chile.

The Company granted to FQM the option to earn-in 80% of the Project over 6 years by:

- Making annual cash payments totaling US\$ 875,000 (US \$50,000 received);
- Completing at least 10,000m of drilling; and
- Delivering a NI 43-101 compliant Prefeasibility Study Report.

FQM is committed to completing 3,000 m of drilling and a systematic geophysical program on the Project over the first 24 months of the Agreement. Following this period, FQM is required to spend a minimum of US\$500,000 per year over the term of the Agreement. FQM will be the operator during the option period. Following the completion of the 80% earn-in, FQM will have a one-time option to acquire the remaining 20% on terms to be negotiated between the parties. If this option is not exercised, the parties will form a participating joint venture to further fund the development of the Project.