

**MIRASOL RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended June 30, 2021 and 2020**

**(Expressed in Canadian Dollars)**

## 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, 2021 and 2020, 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, 2021 and 2020, 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.

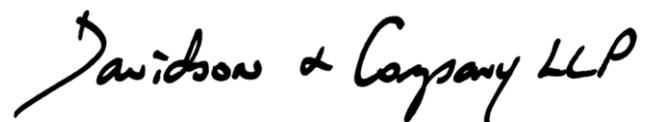
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

October 26, 2021

**Mirasol Resources Ltd.**  
**Consolidated Statements of Financial Position**  
**As of June 30, 2021, and June 30, 2020**  
*(Expressed in Canadian Funds, except where indicated)*

| <b>ASSETS</b>   | June 30,<br>2021     | June 30,<br>2020     |
|---|----------------------|----------------------|
| <b>Current Assets</b>                                     |                      |                      |
| Cash and cash equivalents <i>(Note 6)</i>                 | \$ 10,023,402        | \$ 8,886,501         |
| Short-term investments                                    | -                    | 6,707,866            |
| Receivables and advances <i>(Note 7)</i>                  | 165,755              | 226,136              |
| Due from JV partner <i>(Note 11p)</i>                     | 46,090               | -                    |
| Marketable securities <i>(Note 8)</i>                     | 1,179,087            | 655,422              |
|   | <u>11,414,334</u>    | <u>16,475,925</u>    |
| <b>Non-Current Assets</b>                                 |                      |                      |
| Equipment <i>(Note 9)</i>                                 | 148,613              | 155,148              |
| Right-of-use assets <i>(Note 10)</i>                      | 206,142              | 258,774              |
| Exploration and evaluation assets <i>(Note 11)</i>        | 1,706,579            | 2,344,040            |
|   | <u>2,061,334</u>     | <u>2,757,962</u>     |
| <b>Total Assets</b>                                       | <b>\$ 13,475,668</b> | <b>\$ 19,233,887</b> |
| <b>LIABILITIES</b>  |                      |                      |
| <b>Current Liabilities</b>                                |                      |                      |
| Accounts payable and accrued liabilities <i>(Note 12)</i> | \$ 899,176           | \$ 524,186           |
| Current portion of lease liabilities <i>(Note 10)</i>     | 81,030               | 75,480               |
|   | <u>980,206</u>       | <u>599,666</u>       |
| <b>Long-Term Liabilities</b>                              |                      |                      |
| Non-current portion of lease liabilities <i>(Note 10)</i> | 163,642              | 205,043              |
| <b>Total Liabilities</b>                                  | <b>\$ 1,143,848</b>  | <b>\$ 804,709</b>    |
| <b>EQUITY</b>   |                      |                      |
| Share Capital <i>(Note 13)</i>                            | \$ 57,477,459        | \$ 57,767,690        |
| Reserves <i>(Note 13)</i>                                 | 17,828,859           | 17,690,529           |
| Accumulated Other Comprehensive Loss                      | (17,633)             | (34,760)             |
| Deficit   | (62,956,865)         | (56,994,281)         |
|   | <u>12,331,820</u>    | <u>18,429,178</u>    |
| <b>Total Liabilities and Equity</b>                       | <b>\$ 13,475,668</b> | <b>\$ 19,233,887</b> |

**Nature of business** *(Note 1)*  
**Commitment** *(Note 16)*  
**Subsequent events** *(Note 18)*

On Behalf of the Board:

“ Patrick Evans ” , Director  
“ Nick DeMare ” , Director

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

For the Years Ended June 30

*(Expressed in Canadian Funds, except where indicated)*

|  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|
| <b>Operating Expenses</b>  |                       |                       |
| Exploration expenditures <i>(Notes 11 and 12)</i>                        | \$ 4,848,726          | \$ 3,970,869          |
| Option income <i>(Note 11)</i>   | (750,719)             | (64,621)              |
| Management fees income <i>(Note 11)</i>                                  | (162,198)             | (42,762)              |
| Business development <i>(Note 12)</i>                                    | 181,611               | 354,528               |
| Marketing and investor communications                                    | 94,423                | 144,588               |
| Management fees <i>(Note 12)</i>   | 613,329               | 759,605               |
| Office and miscellaneous   | 202,148               | 317,221               |
| Share-based payments <i>(Note 13)</i>                                    | (25,968)              | 426,103               |
| Professional fees <i>(Note 12)</i>                                       | 137,473               | 193,868               |
| Director fees <i>(Note 12)</i>   | 83,815                | 182,220               |
| Travel   | 172                   | 36,589                |
| Transfer agent and filing fees   | 31,988                | 45,185                |
| Depreciation <i>(Notes 9 and 10)</i>                                     | 106,237               | 74,331                |
|  | <u>(5,361,037)</u>    | <u>(6,397,724)</u>    |
| Interest income  | 614,748               | 286,877               |
| Interest expense <i>(Note 10)</i>  | (39,629)              | (44,595)              |
| Foreign exchange gain (loss)   | (1,075,835)           | 421,500               |
| Gain on sale of subsidiaries <i>(Note 17)</i>                            | 66,031                | -                     |
| Unrealized loss on marketable securities fair value <i>(Note 8)</i>      | (149,586)             | (168,537)             |
| Other expense  | (17,276)              | -                     |
|  | <u>(601,547)</u>      | <u>495,245</u>        |
| <b>Loss for the Year</b>   | <u>\$ (5,962,584)</u> | <u>\$ (5,902,479)</u> |
| <b>Other Comprehensive Loss</b>  |                       |                       |
| Items that will not be reclassified to profit and loss:                  |                       |                       |
| Exchange differences on translation of foreign operations                | 17,127                | (9,018)               |
| <b>Loss and Comprehensive Loss for the Year</b>                          | <u>\$ (5,945,457)</u> | <u>\$ (5,911,497)</u> |
| <b>Loss per Share (Basic and Diluted)</b>                                | <u>\$ (0.11)</u>      | <u>\$ (0.11)</u>      |
| <b>Weighted Average Number of Shares Outstanding (Basic and Diluted)</b> | <u>54,107,286</u>     | <u>54,114,001</u>     |

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

**Mirasol Resources Ltd.**  
**Consolidated Statement of Changes in Equity**  
**For the Years Ended June 30**  
*(Expressed in Canadian Funds, except where indicated)*

|  | Share Capital                 |                            | Reserves            | Accumulated<br>Other<br>Comprehensive<br>Loss | Deficit               | Total<br>Equity     |
|--|-------------------------------|----------------------------|---------------------|---|-----------------------|---------------------|
|  | Number of<br>Common<br>Shares | Common<br>Shares<br>Amount |                     |   |                       |                     |
| <b>Balance – June 30, 2020</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> |
| Share-based payments <i>(Note 13)</i>      | 115,000                       | 90,000                     | 336,103             | -   | -                     | 426,103             |
| Foreign currency translation adjustment    | -                             | -                          | -                   | (9,018)                                       | -                     | (9,018)             |
| Loss for the year                          | -                             | -                          | -                   | -   | (5,902,479)           | (5,902,479)         |
| <b>Balance – June 30, 2020</b>             | <b>54,148,878</b>             | <b>57,767,690</b>          | <b>17,690,529</b>   | <b>(34,760)</b>                               | <b>(56,994,281)</b>   | <b>18,429,178</b>   |
| Treasury shares cancelled <i>(Note 13)</i> | (280,500)                     | (298,910)                  | 174,431             | -   | -                     | (124,479)           |
| Share issue costs <i>(Note 13)</i>         | -                             | (1,454)                    | -                   | -   | -                     | (1,454)             |
| Share-based payments <i>(Note 13)</i>      | 26,665                        | 10,133                     | (36,101)            | -   | -                     | (25,968)            |
| Foreign currency translation adjustment    | -                             | -                          | -                   | 17,127  | -                     | 17,127              |
| Loss for the year                          | -                             | -                          | -                   | -   | (5,962,584)           | (5,962,584)         |
| <b>Balance – June 30, 2021</b>             | <b>53,895,043</b>             | <b>\$57,477,459</b>        | <b>\$17,828,859</b> | <b>\$(17,633)</b>                             | <b>\$(62,956,865)</b> | <b>\$12,331,820</b> |

**Mirasol Resources Ltd.**

**Consolidated Statement of Changes in Cash Flows**

**For the Years Ended June 30**

*(Expressed in Canadian Funds, except where indicated)*

|   | 2021                 | 2020                |
|---|----------------------|---------------------|
| <b>Operating Activities</b>   |                      |                     |
| Loss for the year   | \$ (5,962,584)       | \$ (5,902,479)      |
| Adjustments for:  |                      |                     |
| Interest income   | (614,748)            | (286,877)           |
| Interest expense  | 39,629               | 44,595              |
| Depreciation  | 106,237              | 114,792             |
| Gain on sale of subsidiaries  | (66,031)             | -                   |
| Other expense   | 17,276               | -                   |
| Share-based payments  | (25,968)             | 426,103             |
| Write off of exploration and evaluation assets                                  | 64,398               | -                   |
| Unrealized loss on marketable securities fair value                             | 149,586              | 168,537             |
| Unrealized foreign exchange   | 773,684              | (401,103)           |
|   | <u>(5,518,521)</u>   | <u>(5,836,432)</u>  |
| Changes in non-cash working capital items:                                      |                      |                     |
| Receivables and advances  | (45,604)             | 9,776               |
| Accounts payable and accrued liabilities  | 376,321              | 93,947              |
| Due from joint venture partner  | (46,090)             | (846,947)           |
| Cash used in operating activities   | <u>(5,233,894)</u>   | <u>(6,579,656)</u>  |
| <b>Investing Activities</b>   |                      |                     |
| Redemption of short-term investments, net                                       | 6,707,866            | 10,128,142          |
| Purchase of exploration and evaluation assets                                   | (100,188)            | (120,281)           |
| Proceeds from sale of subsidiaries, net of cash disposed                        | 64,700               | -                   |
| Purchase of equipment   | (47,070)             | (16,266)            |
| Interest received   | 703,457              | 509,672             |
| Cash provided by investing activities   | <u>7,328,765</u>     | <u>10,501,267</u>   |
| <b>Financing Activity</b>   |                      |                     |
| Lease payments  | (75,480)             | (75,479)            |
| Share repurchase costs  | (1,454)              | -                   |
| Treasury shares repurchased   | (124,479)            | -                   |
| Cash used in financing activities   | <u>(201,413)</u>     | <u>(75,479)</u>     |
| <b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>              | <u>(756,557)</u>     | <u>392,085</u>      |
| <b>Change in Cash and Cash Equivalents</b>                                      | 1,136,901            | 4,238,217           |
| Cash and Cash Equivalents - Beginning of Year                                   | 8,886,501            | 4,648,284           |
| <b>Cash and Cash Equivalents - End of Year</b>                                  | <u>\$ 10,023,402</u> | <u>\$ 8,886,501</u> |
| <b>Cash and Cash Equivalents Consist of:</b>                                    |                      |                     |
| Cash  | \$ 2,175,222         | \$ 2,117,717        |
| Cash equivalents  | \$ 7,848,180         | \$ 6,768,784        |
|   | <u>\$ 10,023,402</u> | <u>\$ 8,886,501</u> |
| <b>Supplemental Schedule of Non-Cash Investing and Financing Transactions:</b>  |                      |                     |
| Marketable securities received as recovery of exploration and evaluation assets | \$ 673,251           | \$ 823,959          |
| Recognition of right of use assets and liabilities                              | \$ -                 | \$ 311,407          |
| Cash paid during the year for interest  | \$ 39,629            | \$ 44,595           |
| 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 the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**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.

**COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the results of the outbreak and its effects on the Company’s business or results of operations.

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

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**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 years presented. The Board of Directors approved the consolidated financial statements on October 26<sup>th</sup>, 2021.

**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 the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**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 of June 30, 2021 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%                                       |
| 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.

**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.

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

- a) 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

## Mirasol Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2021 and 2020

(Expressed in Canadian Funds, except where indicated)

#### 3. Significant Accounting Policies (Cont'd...)

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

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 for its exploration and evaluation assets hold as of June 30, 2021.

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 is in good standing.

- b) 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.

- c) 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.

- d) 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), 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 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 in Chile and Argentina is the Canadian Dollar, similar to the Parent.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**3. Significant Accounting Policies (Cont'd...)**

**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., 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**

*Classification*

Financial assets are classified at initial recognition as either: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVTOCI”). The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Fair value through profit or loss (“FVTPL”) – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income (“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 derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**3. Significant Accounting Policies (Cont'd...)**

**e) Financial Instruments (Cont'd...)**

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

The Company classifies its financial instruments as follows:

|  |                |
|--|----------------|
| Cash and cash equivalents                | FVTPL          |
| Short-term investments                   | FVTPL          |
| Marketable securities                    | FVTPL          |
| Receivables                              | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Advances to/from JV partner              | Amortized cost |

*Measurement*

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

*Impairment*

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**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.

## **Mirasol Resources Ltd.**

### **Notes to the Consolidated Financial Statements**

**For the Years Ended June 30, 2021 and 2020**

*(Expressed in Canadian Funds, except where indicated)*

#### **3. Significant Accounting Policies (Cont'd...)**

##### **f) Impairment of Non-Financial Assets (Cont'd...)**

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**

Equipment is 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; and
- Computer hardware: 30% declining balance.

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) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**3. Significant Accounting Policies (Cont'd...)**

**i) Leases (Cont'd...)**

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee;
- d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

**j. 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.

**k. 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.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**3. Significant Accounting Policies (Cont'd...)**

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

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.

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.

**l) 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.

**m) 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.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**3. Significant Accounting Policies (Cont'd...)**

**n) 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.

**o) 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**

*New accounting standards issued but not yet in effect*

*Classification of liabilities as current or non-current (Amendments to IAS 1)*

The IASB has published *Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1) which clarified the guidance on whether a liability should be classified as either current or non-current. The amendments:

- (i) Clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- (ii) Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- (iii) Make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

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**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**5. Financial Instruments**

*Categories of financial instruments*

|  | June 30,<br>2021     | June 30,<br>2020     |
|--|----------------------|----------------------|
| <b>Financial assets</b>                  |                      |                      |
| Fair Value Through Profit or Loss        |                      |                      |
| Cash and cash equivalents                | \$ 10,023,402        | \$ 8,886,501         |
| Short-term investments                   | -                    | 6,707,866            |
| Marketable securities                    | 1,179,087            | 655,422              |
| Amortized Cost                           |                      |                      |
| Receivables and advances                 | 165,755              | 103,370              |
| Due from JV Partner                      | 46,090               | -                    |
|  | <b>\$ 11,414,334</b> | <b>\$ 16,353,159</b> |
| <b>Financial liabilities</b>             |                      |                      |
| Amortized Cost                           |                      |                      |
| Accounts payable and accrued liabilities | 899,176              | 524,186              |
|  | <b>\$ 899,176</b>    | <b>\$ 524,186</b>    |

**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,<br>2021 | June 30,<br>2020 |
|---------------------------|------------------|------------------|
| <b>Level 1</b>            |                  |                  |
| Cash and cash equivalents | \$ 10,023,402    | \$ 8,886,501     |
| Short-term investments    | \$ -             | \$ 6,707,866     |
| Marketable securities     | \$ 1,179,087     | \$ 655,422       |

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

**b) 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.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**5. Financial Instruments (Cont'd...)**

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

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.

**c) 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.

At June 30, 2021, 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<br>Dollars | Australian<br>Dollars | Argentine<br>Peso | Chilean<br>Peso |
|--|---------------|-----------------------|-------------------|-----------------|
| Cash and cash equivalents                | 5,491,744     | 591,304               | 13,530,441        | 262,426,107     |
| Receivables and advances                 | -             | -                     | 1,145,296         | 23,756,085      |
| Accounts payable and accrued liabilities | (18,683)      | -                     | (39,726,463)      | (100,658,051)   |

Based on the net exposures as at June 30, 2021, 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 \$678,331 and \$54,962, 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 \$(32,416) and \$31,168, 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 are 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.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**5. Financial Instruments (Cont'd...)**

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

(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, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities. All of the Company's current obligations are expected to be paid within one year. 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 Company's cash and cash equivalents is limited because these investments are generally held to maturity. The applicable rates of interest on such investments range between 0.12% and 1.95%.

(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, foreign currency risk and equity price risk. As at June 30, 2021, with other variables unchanged, a 10% decrease in the market value of the Company's marketable securities would result in an increase of the Company's loss and comprehensive loss of \$117,909.

**6. Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash and short-term redeemable Guaranteed Investment Certificates ("GIC") placed with major Canadian financial institutions. Maturity dates of these GIC's are within one year.

**7. Receivables and Advances**

|                                   | June 30,<br>2021  | June 30,<br>2020  |
|-----------------------------------|-------------------|-------------------|
| Goods and services tax receivable | \$ 5,695          | \$ 5,724          |
| Interest receivable               | 6,347             | 97,646            |
| Prepaid expenses and advances     | 153,713           | 122,766           |
|                                   | <b>\$ 165,755</b> | <b>\$ 226,136</b> |

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**8. Marketable Securities**

**Common shares:**

|                       |           |
|-----------------------|-----------|
| Balance June 30, 2019 | -         |
| Additions             | 3,745,269 |
| <hr/>                 |           |
| Balance June 30, 2020 | 3,745,269 |
| Additions             | 2,805,212 |
| <hr/>                 |           |
| Balance June 30, 2021 | 6,550,481 |

**Fair value change:**

|                       |    |           |
|-----------------------|----|-----------|
| Balance June 30, 2019 | \$ | -         |
| Additions             |    | 823,959   |
| Fair value change     |    | (168,537) |
| <hr/>                 |    |           |
| At June 30, 2020      |    | 655,422   |
| Additions             |    | 673,251   |
| Fair value change     |    | (149,586) |
| <hr/>                 |    |           |
| At June 30, 2021      | \$ | 1,179,087 |

The Company holds 6,550,481 common shares (June 30, 2020 – 3,745,269) of Silver Sands Resources Corp. (“Silver Sands”) (Note 11) that were received as partial consideration on an option agreement. During the year ended June 30, 2021, the Company received 2,805,212 common shares (2020- 3,745,269) with a fair value of \$0.24 (2020 - \$0.22) per common share. The fair value of the common shares received of \$673,251 (2020 - \$823,959) was recorded as a recovery against the acquisition cost of the property.

As at June 30, 2021, the market price of the shares was \$0.18 per share (June 30, 2020 - \$0.175). Accordingly, the Company recorded an unrealized fair value loss of \$149,586 (2020 - \$168,537) in the consolidated statement of loss and comprehensive loss.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**9. Equipment**

|                                 | Exploration<br>Equipment | Computer<br>Hardware | Total      |
|---------------------------------|--------------------------|----------------------|------------|
| <b>Cost</b>                     |                          |                      |            |
| Balance as at June 30, 2019     | \$ 627,721               | \$ 92,490            | \$ 720,211 |
| Additions for the year          | 15,677                   | 589                  | 16,266     |
| Balance as at June 30, 2020     | \$ 643,398               | \$ 93,079            | \$ 736,477 |
| Additions for the year          | 47,414                   | (344)                | 47,070     |
| Balance as at June 30, 2021     | \$ 690,812               | \$ 92,735            | \$ 783,547 |
| <b>Accumulated Depreciation</b> |                          |                      |            |
| Balance as at June 30, 2019     | \$ 455,099               | \$ 64,071            | \$ 519,170 |
| Depreciation for the year (i)   | 52,984                   | 9,175                | 62,159     |
| Balance as at June 30, 2020     | \$ 508,083               | \$ 73,246            | \$ 581,329 |
| Depreciation for the year       | 48,190                   | 5,415                | 53,605     |
| Balance as at June 30, 2021     | \$ 556,273               | \$ 78,661            | \$ 634,934 |
| <b>Carrying Amounts</b>         |                          |                      |            |
| As at June 30, 2020             | \$ 135,315               | \$ 19,833            | \$ 155,148 |
| As at June 30, 2021             | \$ 134,539               | \$ 14,074            | \$ 148,613 |

- (i) Allocated between depreciation expense (\$21,698) and exploration costs (\$40,461) in the consolidated statement of loss and comprehensive loss.

**10. Right-of-Use of Assets and Lease Liabilities**

*Right of Use Assets*

**Cost:**

|   |            |
|---|------------|
| At June 30, 2019                          | \$ -       |
| Adjustment on initial adoption of IFRS 16 | 311,407    |
| At June 30, 2020 and 2021                 | \$ 311,407 |

**Depreciation:**

|                     |            |
|---------------------|------------|
| At June 30, 2019    | \$ -       |
| Charge for the year | 52,633     |
| At June 30, 2020    | 52,633     |
| Charge for the year | 52,632     |
| At June 30, 2021    | \$ 105,265 |

**Net Book Value:**

|                  |            |
|------------------|------------|
| At June 30, 2020 | \$ 258,774 |
| At June 30, 2021 | \$ 206,142 |

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

## Mirasol Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2021 and 2020

(Expressed in Canadian Funds, except where indicated)

#### 10. Right-of-Use of Assets and Lease Liabilities (Cont'd...)

##### Lease Liabilities

|   | June 30,<br>2021 | June 30,<br>2020 |
|---|------------------|------------------|
| Beginning balance                         | \$ 280,523       | \$ -             |
| Adjustment on initial adoption of IFRS 16 | -                | 311,407          |
| Lease payments made                       | (75,480)         | (75,479)         |
| Interest expense                          | 39,629           | 44,595           |
|   | \$ 244,672       | \$ 280,523       |
| Less: current portion                     | (81,030)         | (75,480)         |
| Non-current portion                       | \$ 163,642       | \$ 205,043       |

The following are the minimum lease payments for the next five years:

| <u>Period</u> | <u>Amount</u> |
|---------------|---------------|
| In 1 year     | \$81,030      |
| Second year   | \$82,140      |
| Third year    | \$87,690      |
| Fourth year   | \$74,000      |
| Fifth year    | -             |

#### 11. Exploration and Evaluation Assets

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 the San Juan and Catamarca provinces of northern Argentina. The Company also focuses on generative exploration to identify and acquire new prospects.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
For the Years Ended June 30, 2021 and 2020  
(Expressed in Canadian Funds, except where indicated)

**11. Exploration and Evaluation Assets (Cont'd...)**

A reconciliation of capitalized acquisition costs is as follows:

**Acquisition Costs**

|                         | Balance at<br>June 30, 2020 | Cost       | Write-offs<br>and<br>Recoveries | Balance at<br>June 30, 2021 |
|-------------------------|-----------------------------|------------|---------------------------------|-----------------------------|
| <b>Chile</b>            |                             |            |                                 |                             |
| Gorbea belt             | \$ 171,777                  | \$ -       | \$ -                            | \$ 171,777                  |
| Zeus                    | 64,398                      | -          | (64,398)                        | -                           |
| <b>Argentina</b>        |                             |            |                                 |                             |
| Santa Rita and Virginia | 1,984,860                   | -          | (673,251)                       | 1,311,609                   |
| Sascha-Marcelina        | 102,839                     | 100,188    | -                               | 203,027                     |
| Pipeline projects       | 20,166                      | -          | -                               | 20,166                      |
|                         | \$ 2,344,040                | \$ 100,188 | \$ (737,649)                    | \$ 1,706,579                |

|                         | Balance at<br>June 30, 2019 | Cost       | Recoveries   | Balance at<br>June 30, 2020 |
|-------------------------|-----------------------------|------------|--------------|-----------------------------|
| <b>Chile</b>            |                             |            |              |                             |
| Gorbea belt             | \$ 171,777                  | \$ -       | \$ -         | \$ 171,777                  |
| Los Amarillos (Enami)   | 13,260                      | -          | (13,260)     | -                           |
| Zeus                    | -                           | 64,398     | -            | 64,398                      |
| <b>Argentina</b>        |                             |            |              |                             |
| Santa Rita and Virginia | 2,808,819                   | -          | (823,959)    | 1,984,860                   |
| Sascha-Marcelina        | 33,696                      | 69,143     | -            | 102,839                     |
| Pipeline projects       | 20,166                      | -          | -            | 20,166                      |
|                         | \$ 3,047,718                | \$ 133,541 | \$ (837,219) | \$ 2,344,040                |

**Chile**

**a) Altazor option to joint venture**

The Company owns a 100% interest in certain mineral claims located in northern Chile and referred to as the Altazor Gold Project ("Altazor").

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

On November 12, 2018, NCM exercised its option to enter the farm-in stage of the agreement. NCM is the operator and will be managing all exploration activities at the project. In November 2019, the Company and NCM agreed to extend the first earn-in period for the initial four years to the earlier of five years and the completion of the US\$8.5 million in exploration expenditures required to vest the 51% interest in the Project.

In August 2021, the NCM terminated the option agreement.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**11. Exploration and Evaluation Assets (Cont'd...)**

**b) Gorbea option to joint venture**

The Company owns a 100% interest in certain mineral claims located in northern Chile and referred to as the Gorbea Gold Project ("Gorbea").

On January 28, 2019, the Company signed an agreement with NCM, whereby NCM has been granted the option to acquire up to a 75% interest in Gorbea, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement requires NCM to fund US\$4 million in exploration expenditures and make a US\$100,000 option payment (received) in the first 18 months of the option. NCM will be the operator of the exploration program and will receive a 5% management fee.

NCM can earn a 51% interest in Gorbea 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 million in exploration within the next four years of the agreement with a 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 Gorbea by delivering a 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 a cash payment to the Company within four years after earning the 51% interest.

The Company can elect to 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 the BFS stage.

In December 2020, the Company and NCM agreed to amend the agreement allowing NCM to exercise its option to enter the farm-in phase of the Agreement by making a US\$500,000 payment to Mirasol (received and recorded as option income in the Company's consolidated statements of loss and comprehensive loss). In order to complete the first farm-in phase and vest an initial 51% in Gorbea, NCM is now required to complete at least US\$15 million in exploration expenditures over 4.5 years and drill a minimum of 8,000 m on the Gorbea project. The first 2,000 m of drilling is to be completed before the end of calendar year 2021 and the additional 6,000 m must be completed before the end of calendar year 2022.

**c) Coronación option to joint venture:**

On September 24, 2019, the Company entered into a definitive agreement with First Quantum Minerals ("FQM") for the Company's Coronación Copper/Gold 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:
  - On signing of definitive agreement: US\$50,000 (received)
  - 1st anniversary: US\$50,000 (received)
  - 2nd anniversary: US\$75,000 (received, subsequent to June 30, 2021)
  - 3rd anniversary: US\$100,000
  - 4th anniversary: US\$150,000
  - 5th anniversary: US\$200,000
  - 6th anniversary: US\$250,000

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**11. Exploration and Evaluation Assets (Cont'd...)**

- Completing at least 10,000 m of drilling; and
- Delivering a NI 43-101 compliant Prefeasibility Study Report.

During the year ended June 30, 2021, the Company recorded US\$50,000 (2020 – US\$50,000) as option income in the Company's consolidated statement of loss and comprehensive loss.

As part of the agreement, 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 is 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.

**d) Nord Property option to joint venture:**

On September 4, 2020, the Company signed a definitive agreement with Minería Activa ("Minería") for the Company's 100% owned Nord project in northern Chile.

The Company granted to Minería the option to earn-in 100% of the project over four years by:

- Making annual cash payments totaling US\$3,000,000:
  - On signing of definitive agreement: US\$50,000 (received)
  - 1st anniversary: US\$200,000 (received, subsequent to June 30, 2021)
  - 2nd anniversary: US\$400,000
  - 3rd anniversary: US\$600,000
  - 4th anniversary: US\$1,750,000
- Committing to complete at least US\$500,000 of exploration expenditures over the first two years of the option period.

During the year ended June 30, 2021, the Company recorded US\$50,000 (2020 – nil) as option income in the Company's consolidated statement of loss and comprehensive loss.

Upon completion of the option, Minería will earn a 100% interest in the project and Mirasol will retain a 2% NSR royalty, of which 0.5% can be bought back by Minería within eight years of signing of the definitive agreement for US\$3 million.

**e) Inca Property option to purchase:**

On January 7, 2020, the Company signed an option agreement with subsidiaries of Newmont Corporation ("NEM") to acquire the Inca Gold Project in northern Chile.

The Company was granted the option to earn-in 100% of the project, subject to a 1.5% NSR royalty, by drilling 1,000 m on the project over two years and incurring US\$3 million in exploration expenditures over five years.

The Company can terminate the agreement at any time after the completion of the initial 1,000 m drilling commitment.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**11. Exploration and Evaluation Assets (Cont'd...)**

Upon completion of this option, NEM will have the right to earn back 70% of the project, in two stages, by:

- Stage 1:
  - Making a cash payment of US\$3 million to the Company; and
  - Funding US\$6 million in exploration expenditures over three years.

If NEM completes Stage 1 but not Stage 2, the Company will retain 100% of the project and NEM will be granted an additional 0.5% NSR royalty which may be bought back by the Company at fair market value.

- Stage 2:
  - Delivering a NI 43-101 compliant Prefeasibility Study reflecting a resource of no less than 2 million ounces of gold-equivalent using agreed upon cut-off grades; or
  - Incurring an additional US\$15 million in exploration expenditures over three years.

If NEM completes Stage 2, the Company and NEM will hold 30% and 70%, respectively, in a joint venture company holding the project. The Company will then have the option to either fund its 30% interest or reduce it to a 25% interest in exchange for a loan from NEM to fund the project development to commercial production.

**f) Rubi Property to joint venture:**

On June 19, 2020, the Company signed an agreement with Mine Discovery Fund Pty Ltd. ("MDF"), a private Australian company, for the Company's 100% owned Rubi project in northern Chile.

Mirasol has granted MDF the option to earn-in 80% of the project over 8 years. MDF must complete 2,000m of drilling on the project over the later of:

- 18 months from execution of the agreement; or
- 12 months after receipt of necessary drill permits.

Following the completion of the initial commitment, MDF is required to spend a minimum of US\$1 million per year in exploration expenditures over the term of the agreement. In order to exercise the option, MDF must also deliver a positive NI 43-101 compliant Prefeasibility Study on the project.

Mirasol is the operator of the project during the option period.

**g) Zeus Property**

The Company owned a 100% interest in certain mineral claims, which now form part of the Zeus Gold Project located in northern Chile.

During the year ended June 30, 2018, the Company entered into an option agreement to acquire a 100% interest in certain other claims 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% NSR royalty. The Company has a right to buy 0.5% of the royalty for US\$3 million.

In October 2020, the Company terminated the option agreement, and wrote-off \$64,398 in capitalized costs on the project to exploration expenditures in the consolidated statement of loss and comprehensive loss.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**11. Exploration and Evaluation Assets (Cont'd...)**

***h) Indra option to joint venture***

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

HOC was 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.

On December 19, 2019, HOC advised the Company of its decision to terminate the option agreement.

As of June 30, 2020, the Company had received US\$1,071,957 in advances from HOC to be used on exploration expenditures. As of June 30, 2020, all the advanced amounts have been spent.

***i) Los Amarillos option to purchase***

The Company owned a 100% interest in certain mineral claims, which formed part of the Los Amarillos Gold-Silver Project located in Northern Chile.

During the year ended June 30, 2019, the Company entered into an option agreement to acquire a 100% interest in certain other claims of the Los Amarillos Gold-Silver Project. The Company could acquire the claims under option by making staged option payments totalling US\$100,000 over three years and incurring US\$300,000 in exploration expenditures within three years. The property owner retained a 1.5% NSR royalty. The Company held a right of first refusal on the royalty sale.

In May 2020, the Company made the decision to terminate the option agreement, and wrote-off \$13,260 in capitalized costs on the project.

**Argentina**

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

The Company owns a 100% interest in certain mineral claims, which now form part of the Sascha-Marcelina Gold Project located in Santa Cruz, Argentina.

During the year ended June 30, 2019, the Company entered into an option agreement to acquire a 100% interest in certain other claims now included in 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 (paid) | US\$50,000           |
| On or before January 23, 2021 (paid) | 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> |

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**11. Exploration and Evaluation Assets (Cont'd...)**

**k) Virginia Property option to joint venture:**

On May 21, 2020, the Company entered into an option agreement with Silver Sands for the Company's 100% owned Virginia Silver Project in the Santa Cruz Province of Argentina.

Under the agreement, Mirasol granted Silver Sands the option to acquire 100% of the project over three years by:

- Making share issuances totalling 19.9% of the shares outstanding (the "S/O") of Silver Sands upon completion of the option:
  - On signing of the definitive agreement: 9.9% of the S/O (received) (Note 8)
  - 1<sup>st</sup> anniversary: 5% of the S/O (received) (Note 8)
  - 2<sup>nd</sup> anniversary: 5% of the S/O
  - 3<sup>rd</sup> anniversary: top up to 19.9% of the S/O (inclusive of the previous issuances)
- Completing, or funding US\$6 million in exploration expenditures:
  - Year 1: US\$1 million (received)
  - Year 2: US\$2 million
  - Year 3: US\$3 million
- Mirasol is the operator of the project during the option period and will receive a management fee, and recognized \$162,198 (2020 - \$42,762) in management fees during the year ended June 30, 2021.

Upon completion of the option, Silver Sands will have earned a 100% interest in the project and Mirasol will retain a 3% NSR royalty, of which 1% can be bought back by Silver Sands for US\$2 million.

**l) Homenaje**

On April 15, 2021, the Company signed a definitive agreement with Patagonia Gold Corp ("PGC") for the Company's Homenaje project in northern Argentina.

The Company will grant an option to earn 75% of the project over six years once PGC completes:

- An initial work program over 2.5 years of US\$1.15 million in exploration expenditures, of which US\$400,000 must be spent within the first 18 months, including 2,500 m of drilling;
- A NI 43-101 compliant Prefeasibility Study by the end of the option period; and
- Spending a minimum of US\$400,000 annually, or US\$200,000 in any six-month period, thereafter.

Upon completion of the option, the Company and PGC will hold 25% and 75%, respectively, in a participating joint venture company holding the project. If either party's equity interest is diluted below 10%, it will convert to a 2% NSR royalty.

**m) Nico**

On April 15, 2021, the Company signed a definitive agreement with PGC for the Company's Nico Project in northern Argentina.

Under the agreement, Mirasol will transfer its interest in the Nico property to PGC in return for a 1.5% NSR royalty. Mirasol will have the right to regain full ownership of the property at no cost if production on the property has not commenced by the end of year three.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
(Expressed in Canadian Funds, except where indicated)

**11. Exploration and Evaluation Assets (Cont'd...)**

**n) Libanesa**

On October 4, 2021, the Company entered into an option agreement with Golden Arrow Resources Corp ("Golden Arrow") for the Company's Libanesa project located in the Santa Cruz Province of Argentina.

Under the terms of the agreement, Mirasol will grant Golden Arrow an option to earn 75% of the Libanesa project over six years by:

- Making annual cash payments totaling US\$1,000,000:
  - US\$100,000 to be paid on the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> anniversaries
  - US\$250,000 on the 5<sup>th</sup> anniversary; and
  - US\$450,000 on the 6<sup>th</sup> anniversary.
- Incurring, or funding exploration expenditures totalling US\$4.0 million
  - USD \$500,000 per year during the first 2 years; and
  - USD \$750,000 per year for the following 4 years.

In addition, Golden Arrow is required to complete a minimum of 2,000m of drilling by the end of the second year.

Upon completion of the option, Mirasol and Golden Arrow will hold 25% and 75%, respectively, in a participating JV company holding Libanesa. If either party's equity interest is diluted below 10%, it will convert to a 2% net smelter return royalty.

**o) Pipeline Properties:**

The Company carries out exploration programs on a number of properties which are prospective for precious and base metals in Chile and Argentina.

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

As at June 30, 2021, the Company has a receivable balance of \$46,090 (2020 - \$Nil) of overspent exploration advances.

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**12. 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.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**12. Related Party Transactions (Cont'd...)**

The remuneration of management and independent directors was as follows:

|                             | Year Ended June 30, |                   |
|-----------------------------|---------------------|-------------------|
|                             | 2021                | 2020              |
| Management compensation (i) | \$ 317,191          | \$ 510,801        |
| Share-based payments (ii)   | (91,051)            | 289,987           |
| Director's fees (iii)       | 83,815              | 182,220           |
|                             | <u>\$ 309,955</u>   | <u>\$ 983,008</u> |

- i. Management compensation is included in management fees (2021 - \$62,500; 2020 - \$287,500) and in exploration expenditures (2021 - \$254,691; 2020 - \$223,301) in the Company's consolidated statements of loss and comprehensive loss.
- ii. Share-based payments are included in the share-based payments expense in the Company's consolidated statements of loss for the years ended June 30, 2021, and 2020.
- iii. The independent directors of the Company are paid \$1,785 per month (2020 - \$2,100 per month) while the Chairman of the Board of Directors receives an additional \$nil per month for serving in this capacity (2020 - \$7,100).

**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:

|                                     | Nature of transactions |
|-------------------------------------|------------------------|
| Miller Thomson                      | Legal fees             |
| Max Pinsky Personal Law Corporation | Legal fees             |
| Chase Management Ltd.               | Professional fees      |
| Manning Lee Management Ltd.         | CFO services           |

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

|                   | Years Ended June 30, |                   |
|-------------------|----------------------|-------------------|
|                   | 2021                 | 2020              |
| Legal fees (i)    | \$ 96,794            | \$ 108,595        |
| CFO services (ii) | 30,000               | 44,000            |
|                   | <u>\$ 126,794</u>    | <u>\$ 152,595</u> |

- i. Legal fees are included in professional fees (2021 - \$54,508; 2020 - \$80,495) and in business development (2021 - \$42,286; 2020 - \$28,100) in the Company's consolidated statements of loss and comprehensive loss.
- ii. CFO services are included in management fees in the Company's consolidated statements of loss for the years ended June 30, 2021, and 2020.

Included in accounts payable and accrued liabilities at June 30, 2021, is an amount of \$40,935 (2020 - \$35,499) owing to directors and officers of the Company and to companies where the directors and officers are principals.

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**13. 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) Share Issued and outstanding**

**For the year ended June 30, 2021:**

- On October 19, 2020, the Company announced its intention to make a normal course issuer bid ("NCIB") to purchase for cancellation, from time to time, as it considers advisable, up to 3,900,000 of its issued and outstanding common shares. The TSX Venture Exchange has approved the commencement of the NCIB, which commenced on October 22, 2020, and will terminate on October 21, 2021, or such earlier time as the NCIB is completed or at the option of the Company.
- The Company repurchased 280,500 of its common shares under the NCIB for total consideration of \$124,479 at a weighted average price of \$0.44 per share.
- The Company cancelled and returned to its treasury 280,500 common shares of the Company that were repurchased under the NCIB during the year ended June 30, 2021. Upon the cancellation, \$298,910 was recorded as a reduction to share capital for the assigned value of the shares, and \$174,431 was allocated to reserves.
- The Company issued 26,665 restricted share units ("RSUs").

**For the year ended June 30, 2020:**

- The Company issued 115,000 common shares upon the vesting of RSUs.

**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 TSX Venture Exchange ("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, 2021, a total of 5,389,504 options were reserved under the option plan with 1,575,000 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, 2019 | 3,711,876         | \$1.52                          |
| Granted                                 | 1,460,000         | \$0.52                          |
| Expired / Forfeited                     | (746,876)         | \$2.40                          |
| Options outstanding as at June 30, 2020 | 4,425,000         | \$1.04                          |
| Expired / Forfeited                     | (2,850,000)       | \$1.19                          |
| Options outstanding as at June 30, 2021 | 1,575,000         | \$0.87                          |
| Options exercisable as at June 30, 2021 | 1,038,334         | \$1.05                          |

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**13. Share Capital (Cont'd...)**

**ii. Fair value of share purchase options granted**

During the year ended June 30, 2021, the Company recognized a net recovery of share-based payments of \$36,101 (2020 – expense of \$336,103) as a result of options granted, vested and cancelled. The net recovery was a result of options vesting during fiscal 2021 offset against previously recorded share-based payments associated with unvested options cancelled due to the resignation of the former CEO.

No shares purchase options were granted during the fiscal year ended June 30, 2021. The weighted-average fair values of stock options granted, and the assumptions used to calculate the related compensation expense for the fiscal year June 30, 2020, was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

**iii. Share purchase options outstanding at the end of the year**

|  | June 30, 2021 | June 30, 2020 |
|--|---------------|---------------|
| Expected dividend yield                          | -             | 0.0%          |
| Expected share price volatility                  | -             | 88.75%        |
| Risk-free interest rate                          | -             | 1.60%         |
| Expected life of options                         | -             | 3 years       |
| Fair value of options granted (per share option) | -             | \$0.52        |

A summary of the Company's options outstanding as at June 30, 2021 is as follows:

| Expiry Date                       | Exercise price<br>\$ | Options<br>Outstanding | Weighted<br>Average<br>Remaining Life<br>of Options<br>(years) | Options<br>Exercisable |
|-----------------------------------|----------------------|------------------------|--|------------------------|
| September 12, 2021 <sup>(i)</sup> | 1.80                 | 150,000                |  | 150,000                |
| July 18, 2021 <sup>(i)</sup>      | 1.76                 | 60,000                 |  | 60,000                 |
| December 14, 2021                 | 1.10                 | 292,500                |  | 292,500                |
| March 14, 2023                    | 1.09                 | 200,000                |  | 200,000                |
| April 15, 2022                    | 0.68                 | 12,500                 |  | 12,500                 |
| November 8, 2023                  | 0.52                 | 810,000                |  | 290,000                |
| April 28, 2023                    | 0.40                 | 50,000                 |  | 33,334                 |
|                                   |                      | 1,575,000              | 1.60   | 1,038,334              |

(i) These options expired unexercised after the year ended June 30, 2021.

**d) RSU Plan**

On July 8, 2020, the shareholders approved an RSU plan (the "RSU Plan"). The RSU plan was also approved by the Board on September 2, 2020 and by the TSXV on September 3, 2020. The RSU Plan provides for the issuance of up to 750,000 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 independent of the number of stock options available under the Company's stock option plan.

## Mirasol Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2021 and 2020

(Expressed in Canadian Funds, except where indicated)

#### 13. Share Capital (Cont'd...)

During the year ended June 30, 2021, the Company granted 26,665 RSU's (2020 – 115,000). The RSUs vested immediately, and the Company issued one common share for each RSU granted. During the year ended June 30, 2021, the Company recognized \$10,133 (2020 - \$90,000) as share-based payments. As of June 30, 2021, no RSU's were outstanding (2020 – Nil).

#### e) 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. All warranted expired unexercised. There were no other warrants outstanding as of June 30, 2021 and 2020.

#### 14. 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,<br>2021    | June 30,<br>2020    |
|---------------------------------|---------------------|---------------------|
| Canada                          | \$ 225,480          | \$ 286,400          |
| Argentina                       | 1,623,059           | 2,163,531           |
| Chile                           | 212,795             | 308,031             |
|                                 | <b>\$ 2,061,334</b> | <b>\$ 2,757,962</b> |

#### 15. 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<br>30, 2021 | Year Ended<br>June 30, 2020 |
|---|-----------------------------|-----------------------------|
| Net loss before income taxes                            | \$ (5,962,584)              | \$ (5,902,479)              |
| Canadian federal and provincial income tax rates        | 27.00%                      | 27.00%                      |
| Expected income tax recovery based on the above         | \$ (1,610,000)              | \$ (1,594,000)              |
| Non-deductible expenses                                 | 503,000                     | 48,000                      |
| Change in statutory and foreign tax rates               | -                           | 801,000                     |
| Impact of sale of subsidiaries                          | 1,516,000                   | -                           |
| Change in unrecognized deductible temporary differences | (1,052,000)                 | (324,000)                   |
| Foreign exchange and other                              | 643,000                     | 1,069,000                   |
| Total income tax recovery                               | \$ -                        | \$ -                        |

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

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

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

|  | June 30,<br>2021    | June 30,<br>2020    |
|--|---------------------|---------------------|
| Unrecognized deferred income tax assets:             |                     |                     |
| Non-capital losses                                   | \$ 2,848,000        | \$ 2,742,000        |
| Exploration and evaluation assets                    | 3,404,000           | 4,577,000           |
| Share issue costs                                    | 11,000              | 29,000              |
| Other  | 86,000              | 53,000              |
| <b>Total unrecognized deferred income tax assets</b> | <b>\$ 6,349,000</b> | <b>\$ 7,401,000</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,<br>2021 | June 30,<br>2020 | Expiry date<br>Range |
|-----------------------------------|------------------|------------------|----------------------|
| Non-capital losses                | \$ 10,623,000    | \$ 10,241,000    | See below            |
| Exploration and evaluation assets | 13,382,000       | 18,058,000       | Not applicable       |
| Share issue costs                 | 40,000           | 109,000          | 2041 to 2045         |
| Other                             | 479,000          | 282,000          | Not applicable       |

The Company has non-capital loss carry-forwards of approximately \$10,434,000 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             |
|--------------|---------------------|-------------------|-------------------|
| 2022         | \$ -                | \$ 173,000        | \$ -              |
| 2023         | -                   | 11,000            | -                 |
| 2024         | -                   | 32,000            | -                 |
| 2025         | -                   | 105,000           | -                 |
| 2026         | -                   | 9,000             | -                 |
| 2037 to 2041 | 9,648,000           | -                 | -                 |
| No-expiry    | -                   | -                 | 645,000           |
|              | <b>\$ 9,648,000</b> | <b>\$ 330,000</b> | <b>\$ 645,000</b> |

**Mirasol Resources Ltd.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**  
*(Expressed in Canadian Funds, except where indicated)*

**15. Commitment**

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. The Company has made a security deposit of \$20,000.

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**16. Sale of Subsidiaries**

On January 7, 2021, the Company sold its wholly-owned subsidiaries, La Curva Exploraciones SA (“La Curva”) and Oroaustral Exploraciones SA (“Oroasutral”) (the “Subsidiaries”). The sale transaction was effected pursuant to an Agreement for Purchase dated December 29, 2020, by and between the Company and arm’s length third parties (“Purchasers”), as buyer (the “Purchase Agreement”). Pursuant to the Purchase Agreement, the Company sold its 100% interest in the Subsidiaries for total consideration of \$64,700. The net liabilities of the Subsidiaries was \$1,331 at the date of sale. Accordingly, the Company realized a gain on sale of \$66,031 which has been reflected in the Company’s consolidated statements of loss and comprehensive loss.

|                         |                  |
|-------------------------|------------------|
| Consideration received  | \$ 64,700        |
| Accounts payable        | 1,331            |
| Net assets              | 1,331            |
| <b>Gain on disposal</b> | <b>\$ 66,031</b> |

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**17. Subsequent events**

Subsequent to June 30, 2021, the Company:

- a) Granted a total of 3,100,000 incentive stock options to directors, management, consultants, and contractors. The options are for a five-year term at an exercise price of \$0.34 per option share and will vest over a period of three years.
- b) Purchased 45,000 and cancelled 23,000 of its common shares.