

ALTIPLANO METALS INC.

Consolidated Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

To the shareholders of Altiplano Metals Inc:

The consolidated condensed interim financial statements of Altiplano Metals Inc. (the "Company") for the three and nine months ended September 30, 2020 and 2019 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

| As at | September 30 2020 | December 31 2019 |
|--|----------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 481,832 | \$ 29,766 |
| Accounts receivable | 145,062 | 107,195 |
| VAT and sales tax receivable | 230,383 | 302,478 |
| Prepayments and deposits | 417,782 | 46,496 |
| | <hr/> | |
| | 1,275,059 | 485,935 |
| Investments (note 10) | 2,916 | 73,694 |
| Equipment (note 7) | 156,091 | 186,808 |
| Right-of-use asset (note 8) | 558,979 | - |
| Exploration and evaluation properties (note 4) | 6,466,177 | 6,325,493 |
| | <hr/> | |
| | \$ 8,459,222 | \$ 7,071,930 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 667,290 | \$ 584,905 |
| Lease liability (note 9) | 121,464 | - |
| Payroll liabilities | 80,408 | 62,052 |
| Promissory notes (note 6) | 271,940 | - |
| | <hr/> | |
| | 1,141,102 | 646,957 |
| Lease liability (note 9) | 428,498 | - |
| Promissory notes (note 6) | 481,200 | - |
| | <hr/> | |
| | 2,050,800 | 646,957 |
| Equity | | |
| Share capital (note 5) | 12,694,614 | 12,174,521 |
| Option and warrant reserve | 1,343,988 | 1,285,011 |
| Accumulated other comprehensive income | (447,070) | (377,530) |
| Deficit | (7,183,110) | (6,657,029) |
| | <hr/> | |
| | 6,408,422 | 6,424,973 |
| | <hr/> | |
| | \$ 8,459,222 | \$ 7,071,930 |
| | <hr/> | |

Subsequent events (note 14)

Approved by the Board of Directors

Director (signed by) "John Williamson"

Director (signed by) "Sean Maqer"

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

ALTIPLANO METALS INC.

Consolidated Condensed Interim Statements of Loss and Comprehensive Loss

(unaudited)

| For the | three months ended Sep 30 | | nine months ended Sep 30 | |
|---|---------------------------|---------------------|--------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Expenses | | | | |
| Management fees | \$ 54,673 | \$ 33,730 | \$ 134,295 | \$ 67,148 |
| Office and administration | 33,451 | 20,336 | 82,091 | 54,368 |
| Regulatory and filing fees | 3,132 | 5,581 | 25,926 | 25,272 |
| Professional fees | 33,154 | 17,946 | 138,116 | 157,447 |
| Investor relations | 46,892 | 24,990 | 56,144 | 79,206 |
| Share-based payment | - | 197,500 | - | 197,500 |
| | (171,302) | (300,083) | (436,572) | (580,941) |
| Other | | | | |
| Interest income | 2,382 | - | 3,353 | - |
| Depreciation of right-of-use asset (note 8) | (18,035) | - | (18,035) | - |
| Unrealized loss on investments | - | (1,199) | (25,167) | (8,166) |
| Gain (loss) on foreign exchange | 26,099 | (91,613) | (49,660) | (75,978) |
| Net loss for the period | \$ (160,856) | \$ (392,895) | \$ (526,081) | \$ (665,085) |
| Other comprehensive loss | | | | |
| Item that may be reclassified subsequently to profit and loss: | | | | |
| Gain (loss) on translation of foreign operations | 37,552 | (144,559) | (69,540) | (246,927) |
| Comprehensive loss for the period | \$ (123,304) | \$ (537,454) | \$ (595,621) | \$ (912,012) |
| Basic and diluted loss per common share | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.01) |
| Basic and diluted weighted average number of common shares outstanding | 76,634,014 | 67,883,933 | 73,596,855 | 67,134,741 |

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

ALTIPLANO METALS INC.

Consolidated Condensed Interim Statements of Changes in Equity

(unaudited)

| | Share capital | Option and warrant reserve | AOCI | Deficit | Total equity |
|---|---------------------|----------------------------------|---------------------|-----------------------|---------------------|
| Balance at December 31, 2018 | \$11,892,330 | \$ 1,083,190 | \$ (96,229) | \$ (5,824,903) | \$ 7,054,388 |
| Advanced share subscription received | (17,400) | - | - | - | (17,400) |
| Shares issued for cash | 271,500 | - | - | - | 271,500 |
| Share issuance costs | (30,638) | 4,321 | - | - | (24,589) |
| Share-based payments | - | 197,500 | - | - | 197,500 |
| Other comprehensive loss | - | - | (246,927) | - | (246,927) |
| Net loss | - | - | - | (665,085) | (665,085) |
| Balance at September 30, 2019 | \$12,115,792 | \$ 1,285,011 | \$ (343,156) | \$ (6,489,988) | \$ 6,567,659 |
| Advanced share subscription received | 57,000 | - | - | - | 57,000 |
| Share issuance costs | 1,729 | - | - | - | 1,729 |
| Other comprehensive loss | - | - | (34,374) | - | (34,374) |
| Net loss | - | - | - | - | (167,041) |
| Balance at December 31, 2019 | \$12,174,521 | \$ 1,285,011 | \$ (377,530) | \$ (6,657,029) | \$ 6,424,973 |
| Advanced share subscription received (note 5) | (57,000) | - | - | - | (57,000) |
| Shares issued for cash (note 5) | 500,000 | - | - | - | 500,000 |
| Share issuance costs | (31,910) | 7,467 | - | - | (24,443) |
| Options exercised | 85,470 | (28,490) | - | - | 56,980 |
| Warrants issued | - | 80,000 | - | - | 80,000 |
| Warrants exercised | 23,533 | - | - | - | 23,533 |
| Other comprehensive loss | - | - | (69,540) | - | (69,540) |
| Net loss | - | - | - | (526,081) | (526,081) |
| Balance at September 30, 2020 | \$12,694,614 | \$ 1,343,988 | \$ (447,070) | \$ (7,183,110) | \$ 6,408,422 |

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

| For the nine months ended | September 30 2020 | September 30 2019 |
|---|------------------------------|------------------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss for the period | \$ (526,081) | \$ (665,085) |
| Items not affecting cash: | | |
| Depreciation of right-of-use asset | 18,035 | - |
| Foreign exchange loss on investment | 1,155 | 3,426 |
| Share-based payments | - | 197,500 |
| Unrealized loss on investments | 25,167 | 8,166 |
| Changes in non-cash working capital: | | |
| VAT and sales tax receivable | 85,715 | 54,309 |
| Accounts receivable and prepaids | (328,824) | 154,770 |
| Accounts payable and accrued liabilities | 149,674 | (156,503) |
| Cash used in operating activities | <u>(678,516)</u> | <u>(403,417)</u> |
| Investing activities | | |
| Exploration and evaluation property exploration expenditures (note 4) | (2,076,991) | (1,668,468) |
| Exploration and evaluation property exploration recoveries (note 4) | 1,844,871 | 1,762,101 |
| Repayment of lease liability | (27,052) | - |
| Purchase of equipment | (6,160) | - |
| Cash used in investing activities | <u>(265,332)</u> | <u>93,633</u> |
| Financing activities | | |
| Proceeds from private placements (note 5) | 500,000 | 196,911 |
| Proceeds from options exercised | 56,980 | - |
| Proceeds from warrants exercised | 23,533 | - |
| Promissory notes received (note 6) | 800,000 | - |
| Cash share issuance costs | (24,443) | - |
| Share subscription received (note 5) | (57,000) | 32,600 |
| Cash provided by financing activities | <u>1,299,070</u> | <u>229,511</u> |
| Foreign exchange effect on cash | (6,513) | 81,839 |
| Net increase in cash | 452,066 | 1,566 |
| Cash, beginning of period | <u>29,766</u> | <u>48,438</u> |
| Cash, end of period | <u>\$ 481,832</u> | <u>\$ 50,004</u> |

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

1. Nature of operations

Altiplano Metals Inc. (“Altiplano” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on March 5, 2010. On November 10, 2010, the Company was continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company’s common shares are listed for trading on the TSX Venture Exchange under the trading symbol “APN”, on the OTC Pink Venture Market under the trading symbol “ALTPF”, and on the Frankfurt Stock Exchange under the trading symbol “9AJ1”. The Company’s head office is at Suite 300, 250 Southridge NW, Edmonton, Alberta, T6H 4M9.

The Company is focused on evaluating and acquiring exploration projects with significant potential for advancement from discovery through to production, in Canada and abroad.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, Chile and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on November 30, 2020.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Altiplano Minerals Chile SPA, and SCM Comet Exploration Chile. All intercompany transactions and balances have been eliminated.

| Name of Subsidiary | Place of Incorporation | Proportion of Ownership Interest | Principal Activity |
|------------------------------|-------------------------------|---|----------------------------------|
| Altiplano Minerals Chile SPA | Chile | 100% | Holding company |
| SCM Comet Exploration Chile | Chile | 100% | Holds mineral interests in Chile |

These consolidated financial statements are prepared using the functional currency of the Company and each of its subsidiaries. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Altiplano is the Canadian Dollar and the functional currency of Altiplano Chile and Comet Chile is the Chilean Peso. The Canadian dollar is the presentation currency of the Company. All entities whose functional currency differs from the presentation currency are translated as follows: assets and liabilities at the closing rate as at the reporting date and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive loss as cumulative translation differences.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars unless otherwise noted.

3. Management estimates and judgments

The preparation of these consolidated condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its consolidated condensed interim financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2019, unless otherwise stated.

4. Exploration and evaluation propertiesFarellon and Maria Luisa Properties

In January of 2017, the Company entered into a definitive earn-in and joint venture agreement (the "Agreement") with Comet Exploration Ltd. ("Comet") in respect of acquiring a participating interest in a joint venture on two copper and gold projects called the Farellon and Maria Luisa projects, which are located near the town of La Serena, Republic of Chile (collectively, the "Projects"). Comet is a private Australian exploration and development company with a focus in Chile principally in base metal and gold projects, held through its Chilean subsidiary.

Pursuant to the Agreement, the Company would have earned up to an initial 20%, 35% or 50% interest in the CJV, by funding expenditures up to an aggregate of US\$0.75 million, US\$1.25 million, or US\$2.0 million respectively. In November of 2017, Altiplano completed US\$2.0 million in funding requirements to earn a 50% interest in the CJV.

On September 18, 2018, the Company completed a transaction to acquire 100% interest in the Farellon and Maria Luisa projects.

During the nine months ended September 30, 2020, the Company negotiated an amendment to the terms of the 10% NPI which is capped at \$1.5 million, due to Comet from profits derived from its Chilean projects under the purchase agreement. (note 4). Under the terms of the Amendment, Altiplano will eliminate the NPI obligation, which was capped at \$1,500,000, by making payments totaling \$200,000 as follows:

- An installment payment of \$50,000 to Comet by April 20, 2020 (paid);
- A further payment of \$50,000 to Comet by October 2, 2020 (paid subsequent to period);
- A final installment payment of \$100,000 to Comet by April 1, 2021; and
- Return to Comet for cancellation 500,000 ordinary shares of Comet held by Altiplano (returned).

Total costs incurred by the Company on the CJV are summarized as follows:

| | Acquisition | Exploration | Total |
|---|---------------------|--------------------|---------------------|
| Balance, December 31, 2019 | \$ 5,446,093 | \$ 879,400 | \$ 6,325,493 |
| Acquisition costs | 94,454 | - | 94,454 |
| Fieldwork | - | 1,976,519 | 1,976,519 |
| Recovery on sale of mineralized materials | - | (1,830,661) | (1,830,661) |
| Foreign exchange translation | - | (100,778) | (100,778) |
| Balance, September 30, 2020 | \$ 5,540,547 | \$ 925,630 | \$ 6,466,177 |

5. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

| | Number of shares | Amount |
|---|---------------------|----------------------|
| Balance at December 31, 2019 | 67,883,933 | \$ 12,174,521 |
| Shares issued in private placements | 8,333,333 | 500,000 |
| Shares issued upon exercise of options | 566,500 | 85,470 |
| Shares issued upon exercise of warrants | 235,333 | 23,533 |
| Advanced share subscription | - | (57,000) |
| Share issuance costs | - | (31,910) |
| | <u>76,267,266</u> | <u>\$ 12,694,614</u> |
| Balance at September 30, 2020 | 76,267,266 | \$ 12,694,614 |

On March 18, 2020, the Company completed a non-brokered private placement of 8,333,333 units at \$0.06 per unit to raise \$500,000 in gross proceeds. Each unit consisted of one common share and one-half non-transferable share purchase warrant of the Company. Each whole warrant is exercisable to acquire one additional common share at \$0.10 per share until two years from issuance. The Company also paid finders' fees of \$22,400 and issued 373,333 warrants to certain arm's length finders.

During the nine months ended September 30, 2020, the Company issued 566,500 shares for gross proceeds of \$56,980 on exercise of stock options. The fair value of these stock options of \$28,490 was allocated to share capital from option and warrant reserves.

During the nine months ended September 30, 2020, the Company issued 235,333 shares for gross proceeds of \$23,533 on exercise of warrants.

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the tenth anniversary of the date the option was granted.

A summary of stock option activity in the periods is as follows:

| | Number of options | Weighted average exercise price |
|--|----------------------|---------------------------------------|
| Outstanding options, December 31, 2019 | 6,667,250 | \$ 0.15 |
| Exercised | (566,500) | 0.10 |
| | <u>6,100,750</u> | <u>\$ 0.16</u> |
| Outstanding options, September 30, 2020 | 6,100,750 | \$ 0.16 |

ALTIPLANO METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2020 and 2019

(unaudited)

A summary of the options outstanding and exercisable is as follows:

| September 30, 2020 | | | December 31, 2019 | | |
|--------------------|-------------------|------------------------------------|-------------------|-------------------|------------------------------------|
| Exercise Price | Number of options | Remaining contractual life (years) | Exercise Price | Number of options | Remaining contractual life (years) |
| \$ 0.12 | 150,000 | 0.9 | \$ 0.12 | 166,500 | 1.7 |
| 0.20 | 200,000 | 1.7 | 0.20 | 200,000 | 2.4 |
| 0.15 | 250,000 | 2.0 | 0.15 | 250,000 | 2.8 |
| 0.14 | 650,750 | 2.0 | 0.14 | 650,750 | 2.8 |
| 0.30 | 1,450,000 | 2.7 | 0.30 | 1,450,000 | 3.4 |
| 0.10 | 3,400,000 | 3.9 | 0.10 | 3,950,000 | 4.6 |
| \$ 0.16 | 6,100,750 | 3.2 | \$ 0.15 | 6,667,250 | 4.0 |

c) Warrants

A summary of share purchase warrant activity in the periods is as follows:

| | Number of warrants | Weighted average exercise price |
|---|--------------------|---------------------------------|
| Outstanding warrants, December 31, 2019 | 2,696,413 | \$ 0.24 |
| Issued | 12,539,999 | 0.10 |
| Exercised | (235,333) | 0.10 |
| Expired | (800,000) | 0.35 |
| Outstanding warrants, September 30, 2020 | 14,201,079 | \$ 0.11 |

Subsequent to the nine months ended September 30, 2020, the Company received exercises of 1,774,666 for gross proceeds of \$177,467.

A summary of the warrants outstanding and exercisable is as follows:

| September 30, 2020 | | | December 31, 2019 | | |
|--------------------|--------------------|------------------------------------|-------------------|--------------------|------------------------------------|
| Exercise Price | Number of warrants | Remaining contractual life (years) | Exercise Price | Number of warrants | Remaining contractual life (years) |
| \$ - | - | - | 0.35 | 800,000 | 0.7 |
| 0.20 | 1,809,997 | 0.6 | 0.20 | 1,809,997 | 1.3 |
| 0.20 | 86,416 | 0.6 | 0.20 | 86,416 | 1.3 |
| 0.10 | 3,931,333 | 1.5 | - | - | - |
| 0.10 | 373,333 | 1.5 | - | - | - |
| 0.10 | 8,000,000 | 2.5 | - | - | - |
| \$ 0.11 | 14,201,079 | 2.0 | \$ 0.24 | 2,696,413 | 1.1 |

6. Promissory notes and interest payable

During the nine months ended June 30, 2020, the Company completed a debt financing to raise \$800,000 in loans from certain arm's length investors of the Company. Under the terms of the debt financing, the loans were advanced in escrow until a total of at least \$1,250,000 was raised pursuant to this debt financing, or any other financings of the Company, and the date such condition is met is the (the "Escrow Release Date"). With the completion of the private placement (note 5) to raise another \$500,000, the escrow release condition was met.

The loans mature three years from the Escrow Release Date. The loans bear interest at 8.0% per annum and are repayable by the Company in 24 equal instalments of principal and interest, commencing one year after the Escrow Release Date, and thereafter on the first business day of each month until the maturity date.

As compensation to the lenders for the risk of repayment of the loans, Altiplano issued non-transferable common share purchase warrants (the "Bonus Warrants") exercisable to purchase common shares of the Company equal to 100% of the principal amount of the loans divided by \$0.10 per share. The Bonus Warrants are exercisable at an exercise price of \$0.10 per warrant share, for a maximum period of up to the maturity date subject to the following acceleration provisions: The number of warrant shares exercisable under the warrants will be reduced by 1/24th of the original total number of warrant shares exercisable, on the first anniversary of the Escrow Release Date, and on the first business day of each month thereafter, until reduced to zero by the maturity date, and unless such Bonus Warrants are exercised by the lender before the date of such reduction.

In addition, the expiry date of the Bonus Warrants may be accelerated if the closing price for the Company's common shares as traded on the TSX Venture Exchange is equal to or greater than \$0.20 per share for any 10 consecutive trading days occurring any time after the expiry of the 4 month hold period for the Bonus Warrants, then the lender shall have until 5:00 pm MST of the 30th calendar day after the Company's news release announcement of the accelerated expiry date of the Bonus Warrants (the "Accelerated Expiry Date"). The Bonus Warrants expire on the earlier of the maturity date or the Accelerated Expiry Date.

The fair value of the warrants was determined at the time of issuance using the Black-Scholes Option Pricing Model using the following assumptions: issue date stock price \$0.05; expected average life, 1.6 years; expected volatility, 80%; risk-free rate .66%; expected dividends, 0%. The value of the warrants has been classified as a component of equity.

The following table outlines the activity for promissory notes and interest payable:

| As at | September 30 2020 | December 31 2019 |
|--|------------------------------|-----------------------------|
| Promissory notes payable | 800,000 | - |
| Equity portion of promissory notes payable | (80,000) | - |
| Accrued interest payable | 33,140 | - |
| | \$ 753,140 | \$ - |

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(unaudited)

7. Equipment

| | Machinery equipment | Furniture and fixtures | Computer hardware | Total |
|------------------------------------|------------------------|------------------------------|----------------------|-------------------|
| Balance, December 31, 2018 | \$ 204,964 | \$ 47,234 | \$ 4,144 | \$ 265,342 |
| Depreciation | (26,015) | (7,149) | (896) | (34,060) |
| Foreign exchange | (14,356) | (3,256) | (271) | (17,883) |
| Balance, September 30, 2019 | \$ 164,593 | \$ 36,829 | \$ 2,977 | \$ 204,399 |
| Depreciation | (5,933) | (1,625) | (145) | (7,703) |
| Foreign exchange | (7,851) | (1,860) | (176) | (9,887) |
| Balance, December 31, 2019 | \$ 150,809 | \$ 33,344 | \$ 2,656 | \$ 186,809 |
| Additions | 4,941 | - | 1,219 | 6,160 |
| Depreciation | (23,434) | (6,321) | (748) | (30,503) |
| Foreign exchange | (5,121) | (1,164) | (90) | (6,375) |
| Balance, September 30, 2020 | \$ 127,195 | \$ 25,859 | \$ 3,037 | \$ 156,091 |

During the nine months ended September 30, 2020, the Company capitalized \$30,503 (2019 - \$34,060) in depreciation to mineral properties.

8. Right-of-use asset

On August 12, 2020, the Company signed a lease agreement for land to be used as the location of its future mill and processing facility (note 14). The land is approximately 15 kms from the Company's Farellon project and hosts power, water and transportation infrastructure to support the plant.

The Company recognized a right-of-use asset for its lease agreement as follows:

| | |
|------------------------------------|-------------------|
| Balance, December 31, 2019 | \$ - |
| Additions | 577,014 |
| Depreciation | (18,035) |
| Balance, September 30, 2020 | \$ 127,195 |

9. Lease liability

The Company recognized a lease liability for its lease agreement (note 8) as follows:

| | |
|------------------------------------|-------------------|
| Balance, December 31, 2019 | \$ - |
| Additions | 577,014 |
| Lease payments | (27,052) |
| Balance, September 30, 2020 | \$ 549,962 |

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(unaudited)

The Company's lease liability is presented in the statement of financial position as follows:

| As at | September 30 2020 | December 31 2019 |
|-------------|----------------------|---------------------|
| Current | \$ 121,464 | \$ - |
| Non-current | 428,498 | - |
| | <u>\$ 549,962</u> | <u>\$ -</u> |

10. Investments

| As at | September 30 2020 | December 31 2019 |
|---|----------------------|---------------------|
| Financial assets at fair value through profit and loss: | | |
| Listed equity investments (i) | \$ 2,916 | \$ 28,083 |
| Non-listed equity investments (ii) | - | 45,610 |
| | <u>\$ 2,916</u> | <u>\$ 73,693</u> |

(i) The Company holds listed equity shares of publicly which it has classified as financial assets at fair value through profit and loss, carried at a fair value, with an unrealized loss recognized in comprehensive loss for the period. The Company recorded an unrealized loss as of September 30, 2020 of \$25,165 (2019 – \$6,918).

(ii) During the nine months ended September 30, 2020, the equity shares of the non-listed public company were cancelled as a part of settlement of certain obligation payable under the NPI (note 4).

11. Geographical Information

Geographical information relating to the Company's activities is as follows:

| | September 30 2020 | Long Term Assets December 31 2019 |
|--------|----------------------|---|
| Canada | \$ 2,916 | \$ 73,694 |
| Chile | 6,328,449 | 6,512,301 |
| | <u>\$ 6,331,365</u> | <u>\$ 6,585,995</u> |

12. Financial instruments and risk management

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents and listed equity investments are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2, and non-listed equity investments are classified as Level 3. As at September 30, 2020, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Chilean peso will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Chile. The Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily concentrated in its cash and accounts receivable. Cash are held at reputable financial institutions in Canada and Chile. The Company's maximum exposure to credit risk at September 30, 2020, is \$133,957 (December 31, 2019 - \$136,961).

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

ALTIPLANO METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2020 and 2019

(unaudited)

As at September 30, 2020, the Company's working capital surplus was \$576,292 (December 31, 2019 – deficit of \$161,022) and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

| | September 30 2020 | December 31 2019 |
|-------------------------------------|------------------------------|-----------------------------|
| Financial assets at amortized cost: | | |
| Cash | \$ 481,832 | \$ 29,766 |
| Accounts receivable | 145,062 | 107,195 |
| Financial assets at FVTPL: | | |
| Investments | 2,916 | 73,694 |
| | \$ 629,810 | \$ 210,655 |

Financial liabilities included in the statement of financial position are as follows:

| | September 30 2020 | December 31 2019 |
|--|------------------------------|-----------------------------|
| Non-derivative financial liabilities: | | |
| Accounts payable and accrued liabilities | \$ 667,290 | \$ 584,905 |
| Promissory notes | 753,140 | - |
| | \$ 1,420,430 | \$ 584,905 |

Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and debt to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt.

13. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

| For the nine months ended | September 30 2020 | September 30 2019 |
|--|------------------------------|------------------------------|
| Management fees paid to key management and directors | \$ 132,500 | \$ 65,332 |
| Investor relations fees paid to a director | 45,000 | 46,000 |
| Investor relations fees paid to a corporation controlled by key management | - | 14,345 |
| Rent paid to a corporation controlled by key management | 30,150 | 33,500 |
| Office and admin fees paid to a corporation controlled by key management | 36,000 | 25,328 |
| | <u>\$ 243,650</u> | <u>\$ 184,505</u> |

At September 30, 2020, accounts payable and accrued liabilities include \$252,613 (December 31, 2019 - \$269,050) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

14. Subsequent eventsPurchase of mill and flotation plant

Subsequent to the nine months ended September 30, 2020 the Company completed a Promissory Agreement with SBX Chile to purchase a mill and processing facility to support the Farellon project (the "Plant"). The Agreement involves the purchase of crushing and grinding equipment and a flotation plant.

The move of the Plant was completed subsequent to the period. Assembly and construction is expected to be completed in Q1 2021.

In addition, the Company signed a second lease agreement for land adjacent to and expanding the site to be used as the location of its mill and processing facility (note 8).

Private placement

Subsequent to the nine months ended September 30, 2020, the Company completed a non-brokered private placement of 9,571,430 units at \$0.175 per unit to raise \$1,675,000 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each whole warrant is exercisable to acquire one additional common share at \$0.25 per share until two years from issuance. The Company also paid finders' fees of \$17,854 and issued 102,024 agent warrants to certain arm's length finders. Each whole agent warrant is exercisable to acquire one additional common share at \$0.25 per share until two years from issuance.