

ALTIPLANO METALS INC.

Consolidated Condensed Interim Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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, 2021 and 2020 have been compiled by management.

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

ALTIPLANO METALS INC.
Consolidated Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

(unaudited)

| As at | September 30 2021 | December 31 2020 |
|--|----------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 2,113,541 | \$ 1,863,039 |
| Accounts receivable | 112,144 | 115,052 |
| VAT and sales tax receivable | 322,927 | 247,156 |
| Prepayments and deposits (note 11) | 626,875 | 639,617 |
| | 3,175,487 | 2,864,864 |
| Investments (note 10) | 2,917 | 2,917 |
| Equipment (note 7) | 1,880,541 | 163,857 |
| Right-of-use asset (note 8) | 862,769 | 862,769 |
| Exploration and evaluation properties (note 4) | 6,961,470 | 6,960,037 |
| | \$ 12,883,184 | \$10,854,444 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 716,217 | \$ 542,339 |
| Lease liability (note 9) | 69,758 | 69,115 |
| Payroll liabilities | 84,669 | 164,751 |
| Promissory notes (note 6) | - | 388,485 |
| | 870,644 | 1,164,690 |
| Lease liability (note 9) | 740,728 | 797,747 |
| Promissory notes (note 6) | - | 380,787 |
| | 1,611,372 | 2,343,224 |
| Equity | | |
| Share capital (note 5) | 18,744,696 | 14,836,648 |
| Option and warrant reserve | 2,127,968 | 1,452,845 |
| Accumulated other comprehensive income | (329,887) | (318,089) |
| Deficit | (9,270,965) | (7,460,184) |
| | 11,271,812 | 8,511,220 |
| | \$ 12,883,184 | \$10,854,444 |
| Going concern (note 1) | | |
| Subsequent events (note 14) | | |

Approved by the Board of Directors

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

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

ALTIPLANO METALS INC.

Consolidated Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

(unaudited)

| For the | three months ended Sep 30 | | nine months ended Sep 30 | |
|--|---------------------------|---------------------|--------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | |
| Investor relations | \$ 55,701 | \$ 46,892 | \$ 169,297 | \$ 56,144 |
| Management fees | 64,689 | 54,673 | 194,051 | 134,295 |
| Office and administration | 51,654 | 33,451 | 114,952 | 82,091 |
| Professional fees | 55,013 | 33,154 | 150,799 | 138,116 |
| Regulatory and filing fees | 1,403 | 3,132 | 33,508 | 25,926 |
| Share-based compensation | - | - | 675,500 | - |
| | (228,460) | (171,302) | (1,338,107) | (436,572) |
| Other | | | | |
| Interest income | 3,278 | 2,382 | 9,444 | 3,353 |
| Depreciation of right-of-use asset | - | (18,035) | - | (18,035) |
| Gain (loss) on foreign exchange | (338,385) | 26,099 | (482,118) | (49,660) |
| Unrealized loss (gain) on investments | - | - | - | (25,167) |
| Net loss for the period | \$ (563,567) | \$ (160,856) | \$ (1,810,781) | \$ (526,081) |
| Other comprehensive loss | | | | |
| Item that may be reclassified subsequently to profit and loss: | | | | |
| Gain (loss) on translation of foreign operations | 16,870 | 37,552 | (11,798) | (69,540) |
| Comprehensive loss for the period | \$ (546,697) | \$ (123,304) | \$ (1,822,579) | \$ (595,621) |
| Basic and diluted loss per common share | \$ (0.01) | \$ (0.00) | \$ (0.02) | \$ (0.01) |
| Basic and diluted weighted average number of common shares outstanding | 113,395,322 | 76,634,014 | 106,329,120 | 73,596,855 |

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ALTIPLANO METALS INC.

Consolidated Condensed Interim Statements of Changes in Equity

(unaudited)

(Expressed in Canadian Dollars)

| | Share capital | Option and warrant reserve | AOCI | Deficit | Total equity |
|--------------------------------------|---------------------|----------------------------------|---------------------|-----------------------|---------------------|
| Balance at December 31, 2019 | \$12,174,521 | \$ 1,285,011 | \$ (377,530) | \$ (6,657,029) | \$ 6,424,973 |
| Advanced share subscription received | (57,000) | - | - | - | (57,000) |
| Shares issued for cash | 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 |
| Advanced share subscription received | (32,501) | - | - | - | (32,501) |
| Shares issued for cash | 1,675,000 | - | - | - | 1,675,000 |
| Share issuance costs | (88,399) | 16,324 | - | - | (72,075) |
| Options granted | - | 100,000 | - | - | 100,000 |
| Warrants exercised | 587,934 | (7,467) | - | - | 580,467 |
| Other comprehensive gain | - | - | 128,981 | - | 128,981 |
| Net loss | - | - | - | (277,074) | (277,074) |
| Balance at December 31, 2020 | \$14,836,648 | \$ 1,452,845 | \$ (318,089) | \$ (7,460,184) | \$ 8,511,220 |
| Shares issued for cash (note 5) | 3,075,000 | - | - | - | 3,075,000 |
| Share issuance costs | (282,764) | 88,444 | - | - | (194,320) |
| Options granted | - | 675,500 | - | - | 675,500 |
| Options exercised | 13,500 | (4,500) | - | - | 9,000 |
| Warrants exercised | 1,102,312 | (84,321) | - | - | 1,017,991 |
| Other comprehensive loss | - | - | (11,798) | - | (11,798) |
| Net loss | - | - | - | (1,810,781) | (1,810,781) |
| Balance at September 30, 2021 | \$18,744,696 | \$ 2,127,968 | \$ (329,887) | \$ (9,270,965) | \$11,271,812 |

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

ALTIPLANO METALS INC.
 Consolidated Condensed Interim Statements of Cash Flows
 (Expressed in Canadian Dollars)

(unaudited)

| For the nine months ended | September 30 2021 | September 30 2020 |
|--|------------------------------|------------------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss for the period | \$ (1,810,781) | \$ (526,081) |
| Items not affecting cash: | | |
| Interest payable on promissory notes | 14,728 | - |
| Share-based payments | 675,500 | - |
| Foreign exchange loss on investment | - | 1,155 |
| Unrealized loss on investments | - | 25,167 |
| Depreciation of right-of-use asset | - | 18,035 |
| Changes in non-cash working capital: | | |
| VAT and sales tax receivable | (108,343) | 85,715 |
| Accounts receivable and prepaids | 353,633 | (328,824) |
| Accounts payable and accrued liabilities | 35,490 | 149,674 |
| Cash used in operating activities | <u>(839,773)</u> | <u>(575,159)</u> |
| Investing activities | | |
| Exploration and evaluation property exploration expenditures | (2,070,651) | (2,076,991) |
| Exploration and evaluation property exploration recoveries | 1,612,993 | 1,844,871 |
| Repayment of lease liability | (56,376) | (27,052) |
| Purchase of equipment | (1,814,033) | (6,160) |
| Cash used in investing activities | <u>(2,328,067)</u> | <u>(265,332)</u> |
| Financing activities | | |
| Proceeds from private placements | 3,075,209 | 500,000 |
| Proceeds from options exercised | 9,000 | 56,980 |
| Proceeds from warrants exercised | 1,097,991 | 23,533 |
| Cash share issuance costs | (194,320) | (24,443) |
| Repayment of promissory notes and interest | (864,000) | - |
| Promissory notes received | - | 800,000 |
| Share subscription received | - | (57,000) |
| Cash provided by financing activities | <u>3,123,880</u> | <u>1,299,070</u> |
| Foreign exchange effect on cash | 294,462 | (6,513) |
| Net increase in cash | 250,501 | 452,066 |
| Cash, beginning of period | <u>1,863,039</u> | <u>29,766</u> |
| Cash, end of period | \$ 2,113,541 | \$ 481,832 |

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

ALTIPLANO METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

(unaudited)

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.

While these consolidated condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at September 30, 2021, the Company had working capital of \$2,304,843 (December 31, 2020 – \$1,700,174) and an accumulated deficit of \$9,270,965 (December 31, 2020 - \$7,460,184). The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year. As planned operations at the Company’s Farellon property continues to progress, additional funds may be required for further exploration to delineate deposits and make a production decision. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company is dependent upon obtaining additional equity or debt financing to fund any operating expenditures or acquisition opportunities in order to continue as a going concern.

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

2. Basis of presentation

These consolidated condensed interim financial statements 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 Issues Committee (“IFRIC”). The principle accounting policies applied in the preparation of these consolidated condensed interim financial statements are set out in note 3.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on November 29, 2021.

These consolidated condensed interim 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 Metals Chile SPA | Chile | 100% | Holding company |
| Altiplano Minerals Chile SPA | Chile | 100% | Holding company |
| SCM Comet Exploration Chile | Chile | 100% | Holds mineral interests in Chile |
| Andes Metals Chile SPA | Chile | 100% | Holds mineral interests in Chile |

These consolidated condensed interim 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 its wholly owned subsidiaries is the Chilean Peso. The Canadian dollar is the presentation currency of the Company unless otherwise noted.

These consolidated condensed interim financial statements have been prepared on a historical cost basis, unless otherwise noted. In addition, these consolidated condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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, 2020, unless otherwise stated.

4. Exploration and evaluation properties

Farellon 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 Comet Joint Venture ("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\$2,000,000 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 year ended December 31, 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. 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);
- A final installment payment of \$100,000 to Comet by April 1, 2021 (paid); and
- Return to Comet for cancellation 500,000 ordinary shares of Comet held by Altiplano (returned).

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(unaudited)

During the nine months ended September 30, 2021, the Company entered into an arm's-length option agreement (the "Option Agreement") on the Maria Luisa property (the "Property"), whereby the Company may acquire a 100% undivided interest in the Property for a total acquisition cost of US\$2,000,000 over three years.

Under the terms of the Option Agreement, Altiplano may acquire a 100% interest in the Property by paying a total of US\$2,000,000 over three years, as follows:

- US\$200,000, paid in 12 equal monthly payments in the first year;
- US\$800,000, paid on the first-year anniversary of closing the Option Agreement;
- US\$500,000, paid on the second-year anniversary of closing the Option Agreement;
- US\$500,000, paid on the third-year anniversary of closing the Option Agreement.

Total costs incurred by the Company on exploration and evaluation assets are summarized as follows:

| | Acquisition | Exploration | Total |
|---|---------------------|---------------------|---------------------|
| Balance, December 31, 2020 | \$ 5,590,548 | \$ 1,369,489 | \$ 6,960,037 |
| Acquisition costs | 163,705 | - | 163,705 |
| Fieldwork | - | 1,676,566 | 1,676,566 |
| Geological consulting | - | 45,855 | 45,855 |
| Recovery on sale of mineralized materials | - | (1,699,234) | (1,699,234) |
| Foreign exchange translation | - | (185,459) | (185,459) |
| Balance, September 30, 2021 | \$ 5,754,253 | \$ 1,207,217 | \$ 6,961,470 |

- i. Proceeds from the sale of mineralized material are credited to exploration and evaluation properties as the Company has not yet commenced commercial production.

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, 2020 | 92,395,194 | \$ 14,836,648 |
| Shares issued in private placements | 12,300,000 | 3,075,000 |
| Shares issued upon exercise of options | 90,000 | 13,500 |
| Shares issued upon exercise of warrants | 8,668,527 | 1,102,312 |
| Share issuance costs cash | - | (282,764) |
| Balance at September 30, 2021 | 113,453,721 | \$ 18,744,696 |

On March 19, 2021, the Company completed a private placement of 12,300,000 units for gross proceeds of \$3,075,000. Each unit consists of one common share and one-half non-transferable share purchase warrant of the Company. The Company also paid finders' fees of \$113,815 and issued 520,260 agent warrants to certain arm's length finders. Each warrant is exercisable to acquire one additional common share at \$0.40 per share until two years from issuance.

ALTIPLANO METALS INC.

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During the nine months ended September 30, 2021, the Company issued 20,000 shares for gross proceeds of \$2,000 on exercise of stock options and issued 7,741,147 shares for gross proceeds of \$958,229 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, 2020 | 7,100,750 | \$ 0.16 |
| Issued | 2,650,000 | 0.32 |
| Exercised | (90,000) | 0.10 |
| Expired | (150,000) | 0.12 |
| Outstanding options, September 30, 2021 | 9,510,750 | \$ 0.21 |

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

| September 30, 2021 | | | December 31, 2020 | | |
|--------------------|----------------------|--|-------------------|----------------------|--|
| Exercise Price | Number of options | Remaining contractual life (years) | Exercise Price | Number of options | Remaining contractual life (years) |
| \$ - | - | - | \$ 0.12 | 150,000 | 0.7 |
| 0.20 | 200,000 | 0.7 | 0.20 | 200,000 | 1.4 |
| 0.15 | 250,000 | 1.0 | 0.15 | 250,000 | 1.8 |
| 0.14 | 650,750 | 1.0 | 0.14 | 650,750 | 1.8 |
| 0.30 | 1,450,000 | 1.7 | 0.30 | 1,450,000 | 2.4 |
| 0.10 | 3,310,000 | 2.9 | 0.10 | 3,400,000 | 3.6 |
| 0.20 | 1,000,000 | 0.2 | 0.20 | 1,000,000 | 0.9 |
| 0.35 | 1,200,000 | 4.3 | - | - | - |
| 0.30 | 750,000 | 4.5 | - | - | - |
| 0.30 | 600,000 | 1.5 | - | - | - |
| 0.30 | 100,000 | 4.6 | - | - | - |
| \$ 0.21 | 9,510,750 | 2.4 | \$ 0.16 | 7,100,750 | 2.6 |

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ALTIPLANO METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2021 and 2020
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(unaudited)

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- i On January 28, 2021, the Company granted stock options to acquire up to an aggregate 1,200,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.35 per common share and have an expiry date of January 28, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$348,000, or \$0.29 per option, has been recorded as share-based compensation expense during the period ended March 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.34; expected life, 5 years; expected volatility, 131%; risk-free rate 0.41%; expected dividends, 0%. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.
 - ii On March 19, 2021 the Company granted stock options to acquire 750,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at \$0.30 per common share and have an expiry date of March 19, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$187,500, or \$0.25 per option, has been recorded as share-based compensation expense during the period ended March 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.29; expected life, 5 years; expected volatility, 129%; risk-free rate 1.0%; expected dividends, 0%. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.
 - iii On March 19, 2021, the Company also granted stock options to acquire 600,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at \$0.30 per common share and have an expiry date of March 19, 2023 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$114,000, or \$0.19 per option, has been recorded as share-based compensation expense during the period ended March 31, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.29; expected life, 2 years; expected volatility, 132%; risk-free rate 0.26%; expected dividends, 0%. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.
 - iv On April 21, 2021, the Company granted stock options to acquire up to an aggregate 100,000 common shares under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.30 per common share and have an expiry date of April 21, 2026 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$26,000, or \$0.26 per option, has been recorded as share-based compensation expense during the period ended June 30, 2021 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.31; expected life, 5 years; expected volatility, 123%; risk-free rate 0.94%; expected dividends, 0%. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.

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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, 2020 | 18,069,867 | \$ 0.19 |
| Issued | 6,670,260 | 0.40 |
| Exercised | (8,682,127) | 0.13 |
| Outstanding warrants, September 30, 2021 | 16,058,000 | \$ 0.31 |

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

| September 30, 2021 | | | December 31, 2020 | | |
|--------------------|-----------------------|--|-------------------|-----------------------|--|
| Exercise Price | Number of warrants | Remaining contractual life (years) | Exercise Price | Number of warrants | Remaining contractual life (years) |
| \$ - | - | - | \$ 0.20 | 1,809,997 | 0.3 |
| - | - | - | 0.20 | 86,416 | 0.3 |
| - | - | - | 0.10 | 6,500,000 | 2.2 |
| 0.25 | 9,285,716 | 1.0 | 0.25 | 9,571,430 | 1.8 |
| 0.25 | 102,024 | 1.0 | 0.25 | 102,024 | 1.8 |
| 0.40 | 6,150,000 | 1.5 | - | - | - |
| 0.40 | 520,260 | 1.5 | - | - | - |
| \$ 0.31 | 16,058,000 | 1.2 | \$ 0.19 | 18,069,867 | 1.8 |

- i On March 19, 2021, 520,260 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of \$88,444, or \$0.17 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.29; expected life, 2 years; expected volatility, 132%; risk free rate, 0.26%; expected dividends, 0%.

6. Promissory notes and interest payable

On March 25, 2020, the Company completed a debt financing and issued \$800,000 in notes payable. The loans bear interest at 8% per annum and are repayable by the Company in 24 equal instalments of principal and interest, commencing after one year, 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:

| | |
|------------------------------------|--------------------|
| Balance, December 31, 2020 | \$ 849,272 |
| Accrued interest payable | 14,728 |
| Payments | <u>(864,000)</u> |
| Balance, September 30, 2021 | <u>\$ -</u> |

During the nine months ended September 30, 2021, the Company repaid the balance outstanding of promissory notes and interest payable.

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7. Equipment

| | Machinery equipment | Furniture and fixtures | Computer hardware | Plant | Total |
|------------------------------------|------------------------|------------------------------|----------------------|---------------------|---------------------|
| 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 |
| Additions | 1,105 | 5,074 | 1,642 | - | 7,821 |
| Depreciation | (7,859) | (2,190) | (398) | - | (10,447) |
| Foreign exchange | 7,113 | 1,730 | 1,549 | - | 10,392 |
| Balance, December 31, 2020 | \$ 127,554 | \$ 30,473 | \$ 5,830 | \$ - | \$ 163,857 |
| Additions | 296,697 | 5,015 | 3,923 | 1,550,151 | 1,855,786 |
| Depreciation | (31,876) | (7,089) | (1,489) | - | (40,454) |
| Foreign exchange | (18,735) | (3,840) | (1,013) | (75,060) | (98,648) |
| Balance, September 30, 2021 | \$ 373,640 | \$ 24,559 | \$ 7,251 | \$ 1,475,091 | \$ 1,880,541 |

During the nine months ended September 30, 2021, the Company capitalized \$20,069 (2020 - \$9,901) in depreciation to mineral properties.

In November 2020, the Company completed a promissory agreement with arms length party to purchase a mill and processing facility to support the Farellon project. The agreement involves the purchase of crushing and grinding equipment and a flotation plant. The Company has recognized an asset as the equipment is received and assembled.

As at September 30, 2021, the plant is not operational, therefore no amortization has been taken on the asset.

8. Right-of-use asset

In November 2020, the Company signed lease agreements for land to be used as the location of its future mill and processing facility. 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, 2020 and September 30, 2021 **\$ 862,769**

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9. Lease liability

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

| | |
|------------------------------------|-------------------|
| Balance, December 31, 2020 | \$ 866,862 |
| Lease payments | (56,376) |
| Balance, September 30, 2021 | \$ 810,486 |

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

| As at | September 30 2021 | December 31 2020 |
|-------------|----------------------|---------------------|
| Current | \$ 69,758 | \$ 69,115 |
| Non-current | 740,728 | \$ 797,747 |
| | \$ 810,486 | \$ 866,862 |

10. Investments

| As at | September 30 2021 | December 31 2020 |
|---|----------------------|---------------------|
| Financial assets at fair value through profit and loss: | | |
| Listed equity investments (i) | \$ 2,917 | \$ 2,917 |
| | \$ 2,917 | \$ 2,917 |

(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 did not record any change in the carrying value during the nine months ended September 30, 2021 and 2020.

11. Prepayments and deposits

The prepayments and deposits consist of payments made to suppliers for future services to be provided by suppliers.

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.

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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 2021, 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, 2021, is \$2,283,673 (December 31, 2020 - \$1,978,091).

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.

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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.

As at September 30, 2021, the Company's working capital was \$2,304,843 (2020 – \$1,700,174). 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 2021 | December 31 2020 |
|-------------------------------------|------------------------------|-----------------------------|
| Financial assets at amortized cost: | | |
| Cash | \$ 2,113,541 | \$ 1,863,039 |
| Accounts receivable | 170,132 | 115,052 |
| Financial assets at FVTPL: | | |
| Investments | 2,917 | 2,917 |
| | \$ 2,286,590 | \$ 1,981,008 |

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

| | September 30 2021 | December 31 2020 |
|--|------------------------------|-----------------------------|
| Non-derivative financial liabilities: | | |
| Accounts payable and accrued liabilities | \$ 711,636 | \$ 542,339 |
| Promissory notes | - | 769,272 |
| | \$ 711,636 | \$ 1,311,611 |

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.

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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 2021 | September 30 2020 |
|--|------------------------------|------------------------------|
| Management fees paid to key management and directors | \$ 192,000 | \$ 132,500 |
| Investor relations fees paid to a director | 45,000 | 45,000 |
| Rent paid to a corporation controlled by key management | 26,800 | 30,150 |
| Office and admin fees paid to a corporation controlled by key management | 37,000 | 36,000 |
| | \$ 300,800 | \$ 243,650 |

During the nine months ended September 30, 2021, there were 750,000 options issued to key management and directors (2020 – nil) resulting in a non-cash share-based compensation expense of \$187,500 (2020– \$nil).

At September 30, 2021, accounts payable and accrued liabilities include \$44,921 (2020 - \$151,772) 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.

During the nine months ended September 30, 2021, the Company issued 440,000 common shares for proceeds of \$110,000 raised during private placements from key management and directors.

14. Subsequent eventsPastillas Gold Project

Subsequent to the nine months ended September 30, 2021, the Company received TSX Venture Exchange approval of an arm's-length option agreement (the "Pastillas Agreement"), to acquire the Pastillas gold exploration project located within the prolific Maricunga belt, approximately 116km from Copiapó in the Atacama region of Chile. The agreement provides the Company the opportunity to acquire a 100% undivided interest in the Property.

Under the terms of the Pastillas Agreement, Altiplano may acquire a 100% interest in the Property by paying a total of US\$1,230,000 in cash and issuing 1,000,000 in common shares of the Company over four years, as follows:

- US\$30,000 and 50,000 shares within 5 business days of the date of acceptance of the Pastillas Agreement by the TSX Venture Exchange (the "Approval Date") (Completed).
- US\$50,000 and 100,000 shares on the first anniversary of the Approval Date.
- US\$100,000, and 150,000 shares on the second anniversary of the Approval Date.
- US\$250,000 and 300,000 shares on the third anniversary of the Approval Date.
- US\$800,000 and 400,000 shares on the fourth anniversary of Approval Date.

In addition, the Company must incur on the Property a minimum total of CND\$2,900,000 in exploration expenditures over the next 4 years, as follows:

- \$150,000 within the next 12 months from the date of the Pastillas Agreement;
- \$250,000 within 12 months of the first anniversary date of the Pastillas Agreement;
- \$1,000,000 within 12 months of the second anniversary date of the Pastillas Agreement; and
- \$1,500,000 within 12 months of the third anniversary date of the Pastillas Agreement.

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The Pastillas Agreement also provides a 2.0% NSR retained by the optionor with a provision for the Company to buy back one-half (reducing to a 1% NSR) for US\$2,000,000 until the 8th anniversary of the Pastillas Agreement. The Pastillas Agreement subject to acceptance by the.