



**CORDOBA MINERALS CORP.**

Consolidated Financial Statements

**December 31, 2020**

## Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Cordoba Minerals Corp.

### Opinion

We have audited the consolidated financial statements of Cordoba Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, 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 audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$27.75 million during the year ended December 31, 2020 and, as of that date, the Company had consolidated cash of \$5.48 million to apply against current liabilities of \$1.19 million. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the 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 financial statements,

our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 David Macdonald.

***/s/ Deloitte LLP***

Chartered Professional Accountants

Vancouver, British Columbia

March 16, 2021

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	Notes	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	6	\$ 5,477,364	\$ 247,160
Other receivables		49,282	44,393
Due from related parties	20	24,431	-
Prepaid expenses and deposits	7	996,950	567,593
<b>Total current assets</b>		<b>6,548,027</b>	<b>859,146</b>
Non-current assets			
Colombian value added tax receivable	8	1,907,966	1,629,508
Property, plant and equipment	9	1,278,128	1,316,945
Financial assets	10	971,429	185,714
Other asset	12(i),17	-	16,898,700
<b>TOTAL ASSETS</b>		<b>\$ 10,705,550</b>	<b>\$ 20,890,013</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 971,757	\$ 676,007
Due to related parties	20	90,363	3,567,090
Lease liability	11	130,452	281,151
Other liability	12,20	-	17,548,200
<b>Total current liabilities</b>		<b>1,192,572</b>	<b>22,072,448</b>
Non-current liabilities			
Lease liability	11	22,560	132,456
<b>TOTAL LIABILITIES</b>		<b>1,215,132</b>	<b>22,204,904</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital	13	187,075,801	151,885,933
Equity reserves	13,14	19,741,228	17,186,491
Accumulated other comprehensive loss (income)		554,495	(253,648)
Accumulated deficit		(197,238,742)	(169,932,318)
Shareholders' equity (deficit) attributable			
to Cordoba Minerals Corp.		10,132,782	(1,113,542)
Non-controlling interest	18	(642,364)	(201,349)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIT)</b>		<b>9,490,418</b>	<b>(1,314,891)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 10,705,550</b>	<b>\$ 20,890,013</b>

Description of business and going concern (Note 1)

Subsequent events (Notes 13(a)(i), 13(b)(iv) and 13(c)(v))

Approved and authorized for issue on behalf of the Board on March 16, 2021:

/s/ Eric Finlayson

Eric Finlayson, Director

/s/ William Orchow

William Orchow, Director

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Year ended December 31,	
	Notes	2020	2019
<b>Operating expenses</b>			
Exploration and evaluation expenditures	15	\$ 25,227,457	\$ 8,176,864
Corporate administration	16	2,119,195	2,023,356
Amortization	9	342,813	357,311
Loss from operations		27,689,465	10,557,531
<b>Other expense (income)</b>			
Other expense (income)		87,494	(75,185)
Interest expense		84,802	217,688
Foreign exchange gain		(114,322)	(70,703)
Loss before income taxes		27,747,439	10,629,331
Income taxes	24	-	-
Net loss for the year		\$ 27,747,439	\$ 10,629,331
<b>Other comprehensive (income) loss</b>			
Items that may be reclassified subsequently to loss:			
Currency translation adjustment		(22,428)	159,932
Items that will not be reclassified subsequently to loss:			
Change in fair value of marketable securities	10	(785,715)	(14,285)
Total other comprehensive (income) loss		(808,143)	145,647
<b>Total comprehensive loss for the year</b>		\$ 26,939,296	\$ 10,774,978
Net loss attributable to:			
Owners of Cordoba Minerals Corp.		\$ 27,306,424	\$ 10,427,982
Non-controlling interest	18	441,015	201,349
Net loss for the year		\$ 27,747,439	\$ 10,629,331
Total comprehensive loss attributable to:			
Owners of Cordoba Minerals Corp.		\$ 26,498,281	\$ 10,573,629
Non-controlling interest	18	441,015	201,349
Total comprehensive loss for the year		\$ 26,939,296	\$ 10,774,978
Loss per share (basic and diluted)	3(r),13(a)(i)	\$ 0.62	\$ 0.43
Weighted average number of basic and diluted			
common shares outstanding	3(r),13(a)(i)	44,841,450	24,955,165

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Notes	Year ended December 31,	
		2020	2019
<b>Operating activities</b>			
Net loss for the year		\$ (27,747,439)	\$ (10,629,331)
Adjustments for non-cash items:			
Share-based payments	15,16	358,903	372,472
Amortization	9	342,813	357,311
Exploration expenditure paid with shares		-	626,088
Interest expense paid with shares		-	100,381
Interest expense		84,802	117,307
Other expense		127,359	28,571
Loss (gain) on disposition of property, plant and equipment		654	(8,340)
Unrealized foreign exchange loss (gain)		275,274	(130,406)
Changes in non-cash working capital items:			
Receivables		(546,850)	(415,990)
Prepaid expenses and deposits		(429,357)	(98,806)
Accounts payable and accrued liabilities		271,406	126,186
Due to related parties		(170,228)	2,557
Other liability		-	664,750
<b>Cash used in operating activities</b>		<b>(27,432,663)</b>	<b>(8,887,250)</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	9	(313,395)	(52,788)
Disposition of property, plant and equipment		-	38,474
<b>Cash used in investing activities</b>		<b>(313,395)</b>	<b>(14,314)</b>
<b>Financing activities</b>			
Proceeds from rights offering, net of share issue costs	13(b)(iii)	21,284,150	-
Proceeds from private placements, net of share issue costs	13(b)(i),(ii),(iv)	15,443,061	2,192,732
Proceeds from short-term loan from related party	20(c)(ii)	250,579	6,534,717
Settlement of short-term loan from related party	20(c)(ii)	(3,624,500)	-
Share issuance costs	13(b)(ii)	(2,316)	-
Share issuance cost on conversion of related party debt		-	(23,345)
Settlement of deferred share units		-	(539)
Payment of lease liabilities	11(b)	(218,334)	(243,941)
Interest paid	11(b)	(32,809)	(59,840)
<b>Cash from financing activities</b>		<b>33,099,831</b>	<b>8,399,784</b>
Effect of changes in foreign exchange rates on cash and cash equivalents		(123,569)	957
Increase (decrease) in cash and cash equivalents		5,230,204	(500,823)
Cash and cash equivalents, beginning of year	6	247,160	747,983
<b>Cash and cash equivalents, end of year</b>	6	<b>\$ 5,477,364</b>	<b>\$ 247,160</b>

Supplemental cash flow information (Note 19)

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(Expressed in Canadian Dollars)

	Number of common shares (Note 13(a))	Share capital	Equity reserves				Accumulated other comprehensive (loss) income	Accumulated deficit	Shareholders' equity (deficit) attributable to owners of Cordoba Minerals Corp.	Non-controlling interest (Note 18)	Total
			Warrants reserve	Broker warrants reserve	Share-based payments reserve						
<b>Balance at December 31, 2019</b>	<b>21,499,917</b>	<b>\$ 151,885,933</b>	<b>\$ 12,186,449</b>	<b>\$ 48,149</b>	<b>\$ 4,951,893</b>	<b>\$ (253,648)</b>	<b>\$ (169,932,318)</b>	<b>\$ (1,113,542)</b>	<b>\$ (201,349)</b>	<b>\$ (1,314,891)</b>	
Net loss for the year	-	-	-	-	-	-	(27,306,424)	(27,306,424)	(441,015)	(27,747,439)	
Settlement of Restricted Share Units (Note 14(c))	16,079	177,553	-	-	(177,553)	-	-	-	-	-	
Share-based payments (Notes 15 & 16)	-	-	-	-	358,903	-	-	358,903	-	358,903	
Shares issued in private placement to JCHX, net of share issue costs (Note 13(b)(i))	5,374,855	10,838,793	-	-	-	-	-	10,838,793	-	10,838,793	
Shares issued pursuant to subscription agreements (Note 13(b)(ii))	492,580	658,490	-	-	-	-	-	658,490	-	658,490	
Shares issued to JCHX, net of share issue costs (Note 13(b)(ii))	123,141	139,394	-	-	-	-	-	139,394	-	139,394	
Shares and share purchase warrants issued pursuant to Rights Offering, net of share issue costs (Note 13(b)(iii))	25,294,118	20,259,688	1,024,462	-	-	-	-	21,284,150	-	21,284,150	
Shares and share purchase warrants issued pursuant to Private Placement, net of share issue costs (Note 13(b)(iv))	3,625,456	3,115,950	1,348,925	-	-	-	-	4,464,875	-	4,464,875	
Other comprehensive income	-	-	-	-	-	808,143	-	808,143	-	808,143	
<b>Balance at December 31, 2020</b>	<b>56,426,146</b>	<b>\$ 187,075,801</b>	<b>\$ 14,559,836</b>	<b>\$ 48,149</b>	<b>\$ 5,133,243</b>	<b>\$ 554,495</b>	<b>\$ (197,238,742)</b>	<b>\$ 10,132,782</b>	<b>\$ (642,364)</b>	<b>\$ 9,490,418</b>	
Balance at December 31, 2018	16,307,023	\$ 146,258,230	\$ 11,455,565	\$ 48,149	\$ 4,865,572	\$ (108,001)	\$ (159,504,336)	\$ 3,015,179	\$ -	\$ 3,015,179	
Net loss for the year	-	-	-	-	-	-	(10,427,982)	(10,427,982)	(201,349)	(10,629,331)	
Settlement of Deferred Share Units	8,298	99,961	-	-	(100,500)	-	-	(539)	-	(539)	
Settlement of Restricted Share Units	16,373	185,651	-	-	(185,651)	-	-	-	-	-	
Share-based payments	-	-	-	-	372,472	-	-	372,472	-	372,472	
Shares issued for private placement	1,341,176	1,520,029	759,971	-	-	-	-	2,280,000	-	2,280,000	
Shares issued for debt and interest settlement	3,827,047	3,903,588	-	-	-	-	-	3,903,588	-	3,903,588	
Share issuance costs	-	(81,526)	(29,087)	-	-	-	-	(110,613)	-	(110,613)	
Other comprehensive loss	-	-	-	-	-	(145,647)	-	(145,647)	-	(145,647)	
Balance at December 31, 2019	21,499,917	\$ 151,885,933	\$ 12,186,449	\$ 48,149	\$ 4,951,893	\$ (253,648)	\$ (169,932,318)	\$ (1,113,542)	\$ (201,349)	\$ (1,314,891)	

The number of common shares outstanding and per share amounts have been updated retrospectively to reflect the 17 for 1 share consolidation which became effective on February 9, 2021 (Note 13(a)(i)).

See accompanying notes to the consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

## 1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Cordoba Minerals Corp. (the “Company” or “Cordoba”) is a publicly listed company incorporated under the laws of British Columbia, Canada. Its shares are listed on the TSX Venture Exchange under the symbol CDB. The Company’s head office and registered office is located at Suite 654-999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

At December 31, 2020, High Power Exploration Inc. (“HPX”), the Company’s privately owned parent, held 58.4% (December 31, 2019 – 75.3%) of the Company’s issued and outstanding common shares. The ultimate controlling entity is I-Pulse Inc., a privately owned company.

The Company, together with its subsidiaries, is a mineral exploration group focused on projects located in Colombia and the United States. The principal business of the Company is the acquisition, exploration and development of precious and base metal properties.

The Company’s consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

For the year ended December 31, 2020, the Company had no operating revenue and incurred a net loss of \$27.75 million (December 31, 2019 - \$10.63 million). At December 31, 2020, the Company had consolidated cash of \$5.48 million (December 31, 2019 - \$247,000) to apply against current liabilities of \$1.19 million (December 31, 2019 - \$22.07 million).

At December 31, 2020, the Company believes that it has adequate resources to maintain its minimum obligations, including general corporate activities, based on its cash position and ability to pursue additional sources of financing, including equity placements.

The Company currently has no source of operating cash flow, and has no assurance that additional funding will be available to it for additional exploration and development programs at its properties, or to enable the Company to fulfill its obligations under any applicable agreements. The Company’s ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. Significant reliance is placed on HPX, the Company’s controlling shareholder, for providing ongoing financing to the Company. Failure of HPX to provide or participate in financing, or the inability of HPX to provide or participate in financing, would likely result in difficulty for Cordoba to attract separate third-party investment. In addition, the spread of COVID-19 globally has caused and continues to cause considerable disruptions to the world economy, including financial markets and commodity prices and could adversely impact the Company’s ability to carry out plans to obtain additional financing. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the Company’s control, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. As such, there is a material uncertainty that may cast significant doubt regarding the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

### 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, effective as of December 31, 2020.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) *Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis except as disclosed in these accounting policies.

#### (b) *Functional and presentation currency*

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency (the currency of the primary economic environment in which the entity operates). Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency. The functional currency of Cordoba's foreign exploration subsidiaries is the US dollar.

The presentation currency of the group is the Canadian dollar. All financial information has been presented in Canadian dollars in these consolidated financial statements, except when otherwise indicated.

References to "\$" are to Canadian dollars.

#### (c) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where the Company's interest in a subsidiary is less than 100%, the interest attributable to non-controlling shareholders is recognized as non-controlling interest.

Non-controlling interest represents the equity in a subsidiary not attributable, directly and indirectly, to the Company and is presented as a separate component of equity. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Losses within a subsidiary continue to be attributed to non-controlling interests even if that results in a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amounts of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Company.

At December 31, 2020 and 2019, the Company's significant subsidiaries are as follows:

Name of significant subsidiaries	Place of incorporation or registration	Method of Accounting at December 31,		Effective ownership interest at December 31,		Principal Activity
		2020	2019	2020	2019	
Cordoba Minerals USA Corp.	USA	Consolidation	Consolidation	100%	100%	Exploration company
MMDEX LLC	USA	Consolidation	Consolidation	25%	25%	Exploration company
Minerales Cordoba S.A.S.	Colombia	Consolidation	Consolidation	100%	100%	Exploration company
Exploradora Cordoba S.A.S.	Colombia	Consolidation	Consolidation	100%	100%	Exploration company

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

### (d) Business combinations

Acquisitions of subsidiaries which represent business combinations are accounted for using the acquisition method. The consideration transferred is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date, except for certain assets and liabilities which are recognized and measured in accordance with the applicable IFRS guidance.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Transaction costs, other than those associated with the issuance of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

### (e) Foreign currency

#### (i) Foreign currency transactions

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing on the dates of the transactions. At each statement

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

of financial position date, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the exchange rate on the date when the fair value was measured. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rates at the date of the statement of financial position. The income and expenses of foreign operations are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

Foreign currency differences are recognized in other comprehensive income and accumulated in other reserves within equity, except to the extent that the translation difference is allocated to non-controlling interests. On the disposal of a foreign operation, such exchange differences are reclassified from other reserves to profit or loss.

(f) *Cash and cash equivalents*

Cash and cash equivalents comprise demand deposits held with banks and short-term highly liquid investments that are readily convertible into known amounts of cash with original terms of three months or less. The Company's cash and cash equivalents are held in banks in Canada and Colombia.

(g) *Financial instruments*

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value, net of directly attributable transaction costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), where transaction costs are expensed in the period in which they are incurred. Financial instruments are subsequently classified and measured at: (i) amortized cost; (ii) fair value through profit or loss; (iii) or fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets

(i) *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

comprehensive income ("FVTOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the consolidated statements of loss.

(ii) *Financial assets at FVTOCI*

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income with no reclassification to the consolidated statements of loss. The election is available on an investment-by-investment basis. Investments in Bell Copper Corporation common shares are designated as financial assets at FVTOCI.

(iii) *Financial assets at amortized cost*

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, other receivables and deposits are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities, due to related parties, lease liability and other liability are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of loss when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities, due to related parties, lease liability and other liability are classified as and measured at amortized cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in the consolidated statements of loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

### Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Impairment of financial assets

A loss allowance for expected credit losses is recognized for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

### Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net loss.

### (h) *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in property, plant and equipment if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation on property, plant and equipment is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. The rates generally applicable are:

• Computer equipment	30% declining-balance
• Furniture and equipment	20%-50% declining-balance
• Vehicles	20% declining balance
• Leasehold improvements	straight-line over the term of lease
• Right-of-use assets	straight-line over the shorter of the lease term or the useful life of the underlying asset

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the equipment and are recognized in profit or loss within 'other income' or 'other expenses', respectively.

### (i) *Leases*

The Company assesses whether a contract is or contains a lease, at inception of a contract. 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 Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability and makes a corresponding adjustment to the related ROU asset whenever:

- the lease term has changed;
- the lease payments change due to changes in an index;
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

ROU assets are included in property, plant and equipment, and the lease liability is presented separately in the consolidated statements of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not separated out non-lease components.

As a practical expedient, IFRS 16 allows lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19. The Company has applied this practical expedient to all rent concessions that meet the conditions.

### *(j) Exploration and evaluation costs*

Acquisition costs for exploration and evaluation assets and exploration expenditures, net of recoveries, are charged to operations as incurred. Acquisition costs may include cash consideration, the value of common shares issued based on fair values, and the fair value of share purchase warrants and options issued based on amounts determined using the Black-Scholes option pricing model, for mineral property interests pursuant to the terms of the agreement.

After a property is determined by management to be commercially feasible, development expenditures on the property are capitalized.

The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

Exploration and evaluation assets acquired under an option agreement where payments are made at the sole discretion of the Company are charged to operations at the time of payment. Property interests granted to others under an option agreement where payments to be made to the Company are at the sole discretion of the optionee, are recorded as recoveries at the time of receipt. Where recoveries exceed costs, such amounts are recognized in profit or loss.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

*(k) Impairment of non-financial assets*

Impairment tests on non-financial assets are performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to dispose, the asset is written down accordingly. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a cash-generating unit ("CGU") and the impairment test is carried out on the asset's CGU, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. An assessment is made at each reporting date as to whether there is any indication of impairment or a change in events or circumstances relating to a previously recognized impairment. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset or CGU in prior years.

*(l) Provisions*

*(i) Rehabilitation Provision*

The Company recognizes constructive, statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reliable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

As at December 31, 2020 and 2019, the Company has not recognized an exploration and evaluation rehabilitation provision.

(ii) *Other Provisions*

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

(m) *Share capital*

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit"), and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares in the Company. The fair value of the components of the units sold are measured using the relative fair value approach, based on the calculated fair value of the stand-alone shares through reference to the quoted market price at the completion of the financing and the fair value of the stand-alone warrant, using the Black-Scholes option pricing model.

(n) *Share-based payments*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees or others providing similar services, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

determined the fair value of goods or services cannot be reliably measured), and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in other equity reserve, until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

### *(o) Operating segments*

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has three operating segments being the acquisition, exploration and development of mineral properties in Colombia and the United States and the Company's head office, which is located in Vancouver, Canada.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Chief Executive Officer of the Company.

### *(p) Loss per share*

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive equity instruments are excluded from the loss per share calculation, as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

### *(q) Income taxes*

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit or other current tax activities, which differs from profit or loss in the consolidated financial statements. Calculation of current tax

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it is not recognized in the consolidated financial statements.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(r) *Comparative figures*

(i) *Rights offering*

On June 26, 2020, the Company announced the closing of a rights offering, which was open to all shareholders (Note 13(b)(iii)). As the subscription price of the rights offering was less than the fair value of a common share of the Company at the time, the rights offering contained a bonus element. In order to provide a comparable basis for the current period, the basic and diluted loss per share for all periods prior to the rights offering have been adjusted retrospectively for the bonus element contained in the rights offering. Specifically, the weighted average number of common shares outstanding used to compute basic and diluted loss per share for the year ended December 31, 2019 have been multiplied by a factor of 1.357012121.

(ii) *Share consolidation*

A 17 for 1 share consolidation was completed on February 9, 2021. As per IAS 33, *Earnings per share*, when there has been a capital event such as a share consolidation in the period, or after the reporting date but before the date that the financial statements are authorized for issue, retrospective adjustments are required for all periods prior to the share consolidation. All shares and per share data presented in the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

Company's consolidated financial statements have been retrospectively adjusted to reflect the share consolidation (Note 13(a)(i)).

### 4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

(i) *The Company has adopted the following amendments to IFRS:*

Amendments to IFRS 3, *Business Combinations* (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. The definition of a business has been amended to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and to exclude returns in the form of lower costs and other economic benefits. The amendment includes an optional test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. These amendments did not impact the Company's consolidated financial statements or disclosures at the time of adoption.

Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020) were made to refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition and the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. These amendments did not impact the Company's consolidated financial statements or disclosures at the time of adoption.

Amendments to IFRS 16, *Leases* (effective for annual reporting periods beginning on or after June 1, 2020) allows lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19. The Company has elected to early adopt this amendment with retrospective application to April 1, 2020. Lessees applying the practical expedient will be required to disclose whether it has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied. Furthermore, the lessees will be required to apply the practical expedient retrospectively, recognizing the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. Management has applied the practical expedient to all rent concessions that meet the conditions. The Company has leases where payments have been forgiven as a result of COVID-19. This has resulted in a \$26,366 impact in the statement of loss and comprehensive loss and has reduced cash outflows in the year ended December 31, 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

- (ii) *The Company has not applied the following amendments to standards that have been issued but are not yet effective:*

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets (effective January 1, 2022) clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. Management is currently assessing the impact of this amendment.

Amendments to IAS 1, Presentation of Financial Statements (effective January 1, 2023) clarifies the presentation of liabilities in the statement of financial position. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Management is currently assessing the impact of this amendment.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Company's accounting policies, which are described in Note 3 to the consolidated financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Actual results may differ from these estimates.

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The COVID-19 outbreak and related mitigation measures have had an adverse impact on global economic conditions resulting in global supply chains disruptions, government response actions, business closures and disruptions and the availability of financing. The areas of judgement and estimation uncertainty which may be impacted include estimates used to determine the recoverable amounts of long-lived assets, estimates used to determine the recognition of tax assets and the assessment of the Company's ability to continue as a going concern. The duration of the pandemic and its impact on the Company's financial performance is an area of estimation uncertainty and judgement, which is continuously monitored and reflected in management's estimates.

The most significant areas of judgments made by management are as follows:

- (a) *Going concern*

The assessment of the Company's ability to continue as a going concern, to raise sufficient funds to pay for its ongoing operating expenditures and to meet its liabilities for the ensuing year as they fall due, involves judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

*(b) Determining whether a contract contains a lease*

In accordance with IFRS 16, the Company has to assess whether or not a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*(c) Determination of control of subsidiaries and joint arrangements*

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and when the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Judgement is also required when determining the classification of a joint arrangement as a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. Changes to the Company's access to those rights and obligations may change the classification of that joint arrangement.

*(d) Determination of functional currency*

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the Company has determined that its functional currency is the Canadian dollar (Note 3(b)).

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates.

*(e) Impairment of property, plant and equipment and other non-financial assets*

Assets and CGU's are evaluated at each reporting date to determine whether there are any indications of impairment. Both internal and external sources of information are considered when making the assessment of whether there are indications of impairment for property, plant and equipment and other non-financial assets. External sources of information considered are changes in the Company's economic, legal and regulatory environment that it does not control but affect the recoverability of its assets. Internal sources of information considered include the manner in which mineral properties and property, plant and equipment are being used or are expected to be used and indications of economic performance of those assets.

If any indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or CGU is measured at the higher of fair value less costs to sell and value in use. At December 31, 2020, the Company determined there were no indicators of impairment.

The most significant estimates made by management are as follows:

*(a) Valuation of share-based payments and share purchase warrants*

The Company applies the Black-Scholes option pricing model to determine the fair value of equity-settled share-based payments and share purchase warrants. Option pricing models require the input of subjective assumptions, including the expected share price volatility and expected life of the options (Notes 13(c), 14(a)). Changes in these assumptions can materially

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

affect the fair value estimate, so the existing models do not necessarily provide a reliable measure of the fair value, which may impact the Company's net loss and equity reserves.

*(b) Determination of useful lives of property, plant and equipment and the related depreciation*

Depreciation expenses are allocated based on estimated lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statement of loss and comprehensive loss on a prospective basis.

*(c) Discount rate used to determine lease liabilities*

Significant assumptions are required to be made when management determines Company's incremental borrowing rate. The incremental borrowing rate is used to present value the future lease payments and any changes in the estimated rate would have an impact on the lease liability, ROU assets, depreciation expense and interest expense.

*(d) Recognition of tax assets*

The Company incurs indirect taxes, including value-added tax, on purchases of goods and services. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions in which they arise.

### 6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash held in bank accounts	\$ 5,177,364	\$ 247,160
Redeemable short term investments	300,000	-
<b>Total cash and cash equivalents</b>	<b>\$ 5,477,364</b>	<b>\$ 247,160</b>

The Company's redeemable short-term investments earn interest and are redeemable at any time prior to maturity without penalty upon early redemption.

### 7. PREPAID EXPENSES AND DEPOSITS

	December 31, 2020	December 31, 2019
Prepaid insurance	\$ 76,736	\$ 102,968
Deposits	705,589	116,101
Deposits with related parties (Note 20(b))	80,000	80,000
Deferred financing expenses	-	99,318
Other	134,625	169,206
<b>Total prepaid expenses and deposits</b>	<b>\$ 996,950</b>	<b>\$ 567,593</b>

### 8. COLOMBIAN VALUE-ADDED-TAX ("VAT") RECEIVABLE

Non-current VAT receivable arises from VAT paid to the Government of Colombia in respect of the Company's exploration and development activities. Under the VAT regime in Colombia, VAT paid during a company's development stage forms a credit which is available to offset VAT



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

collected during future commercial operations. The actual timing of receipt is uncertain as VAT is refundable only upon commercial operations; therefore, VAT receivable has been classified as a non-current asset.

### 9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture and equipment	Vehicles	Land	Right-of-use assets (Note 11(a))	Total
<b>Cost</b>						
Balance - December 31, 2018	\$ 154,405	\$ 275,586	\$ 121,176	\$ 722,223	\$ -	\$ 1,273,390
Impact of IFRS 16 adoption	-	-	(42,721)	-	224,905	182,184
Additions	49,555	3,233	-	-	445,140	497,928
Write-offs and disposals	(10,905)	(28,714)	(52,912)	-	-	(92,531)
Other adjustments	-	-	-	-	3,051	3,051
Foreign exchange	(8,359)	(12,625)	(5,452)	(34,547)	(14,679)	(75,662)
<b>Balance - December 31, 2019</b>	<b>184,696</b>	<b>237,480</b>	<b>20,091</b>	<b>687,676</b>	<b>658,417</b>	<b>1,788,360</b>
<b>Additions</b>	<b>58,999</b>	<b>12,656</b>	<b>-</b>	<b>241,740</b>	<b>-</b>	<b>313,395</b>
<b>Write-offs and disposals</b>	<b>(654)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,762)</b>	<b>(124,416)</b>
<b>Other adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,500</b>	<b>8,500</b>
<b>Foreign exchange</b>	<b>(8,473)</b>	<b>(6,091)</b>	<b>(1,451)</b>	<b>(13,659)</b>	<b>(10,039)</b>	<b>(39,713)</b>
<b>Balance - December 31, 2020</b>	<b>\$ 234,568</b>	<b>\$ 244,045</b>	<b>\$ 18,640</b>	<b>\$ 915,757</b>	<b>\$ 533,116</b>	<b>\$ 1,946,126</b>
<b>Accumulated amortization</b>						
Balance - December 31, 2018	\$ 80,917	\$ 87,371	\$ 24,708	\$ -	\$ -	\$ 192,996
Impact of IFRS 16 adoption	-	-	(712)	-	712	-
Charge for the year	30,070	26,607	19,477	-	281,157	357,311
Write-offs and disposals	(10,432)	(20,427)	(31,538)	-	-	(62,397)
Foreign exchange	(4,893)	(4,443)	(3,609)	-	(3,550)	(16,495)
<b>Balance - December 31, 2019</b>	<b>95,662</b>	<b>89,108</b>	<b>8,326</b>	<b>-</b>	<b>278,319</b>	<b>471,415</b>
<b>Charge for the year</b>	<b>35,657</b>	<b>24,170</b>	<b>10,864</b>	<b>-</b>	<b>272,122</b>	<b>342,813</b>
<b>Write-offs and disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,762)</b>	<b>(123,762)</b>
<b>Foreign exchange</b>	<b>(5,970)</b>	<b>2,944</b>	<b>(3,550)</b>	<b>-</b>	<b>(15,892)</b>	<b>(22,468)</b>
<b>Balance - December 31, 2020</b>	<b>\$ 125,349</b>	<b>\$ 116,222</b>	<b>\$ 15,640</b>	<b>\$ -</b>	<b>\$ 410,787</b>	<b>\$ 667,998</b>
<b>Net book value</b>						
Balance - December 31, 2019	\$ 89,034	\$ 148,372	\$ 11,765	\$ 687,676	\$ 380,098	\$ 1,316,945
<b>Balance - December 31, 2020</b>	<b>\$ 109,219</b>	<b>\$ 127,823</b>	<b>\$ 3,000</b>	<b>\$ 915,757</b>	<b>\$ 122,329</b>	<b>\$ 1,278,128</b>

### 10. FINANCIAL ASSETS

Financial assets comprise the Company's investment in Bell Copper Corporation common shares, which had a fair value of \$971,429 on December 31, 2020 (December 31, 2019 – \$185,714).

### 11. LEASES

#### (a) Right-of-use-assets

The Company's ROU assets include contracts for leasing vehicles, office premises and equipment. At December 31, 2020, \$122,329 (December 31, 2019 - \$380,098) of ROU assets are recorded as part of property, plant and equipment. ROU assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

	Vehicles	Office	Equipment	Total
<b>Right of use assets</b>				
Net book value at January 1, 2019	\$ -	\$ -	\$ -	\$ -
IFRS 16 adoption	42,009	163,873	18,311	224,193
Additions	445,140	-	-	445,140
Amortization charge for the year	(133,662)	(134,923)	(12,572)	(281,157)
Other adjustment	-	3,051	-	3,051
Foreign exchange	(8,513)	(2,005)	(611)	(11,129)
<b>Net book value at December 31, 2019</b>	<b>\$ 344,974</b>	<b>\$ 29,996</b>	<b>\$ 5,128</b>	<b>\$ 380,098</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amortization charge for the year</b>	<b>(233,569)</b>	<b>(35,878)</b>	<b>(2,675)</b>	<b>(272,122)</b>
<b>Other adjustment</b>	<b>-</b>	<b>11,153</b>	<b>(2,653)</b>	<b>8,500</b>
<b>Foreign exchange</b>	<b>5,012</b>	<b>641</b>	<b>200</b>	<b>5,853</b>
<b>Net book value at December 31, 2020</b>	<b>\$ 116,417</b>	<b>\$ 5,912</b>	<b>\$ -</b>	<b>\$ 122,329</b>

### (b) Lease liabilities

The leases of vehicles, office premises and equipment comprise only fixed payments over the lease terms. The Company recorded interest expense of \$32,924 on lease liabilities for the year ended December 31, 2020 (December 31, 2019 - \$46,806). The Company also recorded expenses of \$61,247 (December 31, 2019 - \$99,585) related to short-term leases and income of \$8,891 (December 31, 2019 - \$83,861) from sub-leasing ROU assets.

	December 31, 2020	December 31, 2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 137,442	\$ 315,112
One to two years	9,221	117,272
Two to three years	9,221	9,408
More than three years	8,085	17,657
<b>Total undiscounted lease liabilities</b>	<b>163,969</b>	<b>459,449</b>
<b>Effect of discounting</b>	<b>(10,957)</b>	<b>(45,842)</b>
<b>Total lease liabilities</b>	<b>\$ 153,012</b>	<b>\$ 413,607</b>
Current	\$ 130,452	\$ 281,151
Non-current	\$ 22,560	\$ 132,456
Year ended December 31,		
	2020	2019
Balance at beginning of year	\$ 413,607	\$ 42,299
IFRS 16 adoption	-	182,184
Cash flows		
Principal payments	(218,334)	(243,941)
Interest payments	(32,809)	(41,113)
Non-cash changes		
Additions	-	445,140
Accretion	32,924	46,806
Change in foreign exchange and other	(42,376)	(17,768)
<b>Total lease liabilities, end of year</b>	<b>\$ 153,012</b>	<b>\$ 413,607</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

### 12. OTHER LIABILITY

The Company's other liabilities are as follows:

	December 31, 2020	December 31, 2019
OMNI Liability (i)	\$ -	\$ 16,898,700
Other (ii)	-	649,500
	\$ -	\$ 17,548,200

- i.* The Company was party to an option agreement, originally signed in February 2016, with Sociedad Ordinaria de Minas Omni ("OMNI"), Compañía Minera El Alacran S.A.S., CMH Colombia S.A.S. ("CMH"), and Cobre Minerales ("Cobre"), together the "OMNI Parties", to acquire a 100% interest in the Alacran copper-gold-silver deposit ("Alacran Deposit" or "Alacran") (the "Option Agreement"). Under the terms of the Option Agreement, the Company agreed to undertake certain exploration commitments and to make certain scheduled cash payments during the exploration phase. On August 30, 2019, the Company advised the OMNI Parties of its intention to exercise its option to acquire a 100% interest in the Alacran Deposit pursuant to the Option Agreement, and was contractually obligated to make the fifth and final option payment of US\$13 million ("OMNI Liability") to the OMNI Parties on or before June 30, 2020. On June 30, 2020, the Company settled the OMNI Liability and completed the acquisition of the 100% interest in the Alacran Deposit. The corresponding non-current asset for the right to exercise the option of US\$13 million (\$17.73 million) was expensed to E&E acquisition costs (Note 17).
- ii.* The other liability related to subscription agreements entered into with two arm's length parties associated with the acquisition of the Alacran Deposit (Note 13(b)(ii)).

### 13. SHARE CAPITAL

#### (a) Common Shares

- i.* Share consolidation

On September 25, 2020, the shareholders of the Company voted in favour of the special resolution at the Company's Annual General and Special Meeting, to approve a consolidation of its shares on the basis of one (1) post-Consolidation share for up to every (30) thirty pre-Consolidation shares, as may be determined by the Board of Directors of the Company in its sole discretion.

Cordoba's Board determined to proceed with a share consolidation, and approved a ratio of one (1) post-Consolidation share for every seventeen (17) pre-Consolidation shares held effective at the opening of the market on February 9, 2021 (the "Consolidation" or "Share Consolidation"). The Company's name and trading symbol for the Company's shares on the TSX Venture Exchange remained unchanged, and no fractional shares were issued under the Consolidation.

The Company's 959,244,498 shares issued and outstanding were adjusted to 56,426,146 shares as of the effective date of the Consolidation. The shares reserved under the Company's issued and outstanding convertible securities comprising of share purchase warrants, share purchase options, restricted share units ("RSUs") and deferred share units

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

("DSUs") were adjusted on a 17 for 1 basis, consistent with the conversion ratio of the Consolidation.

All shares and per share data presented in the Company's consolidated financial statements have been retrospectively adjusted to reflect the Share Consolidation, unless otherwise noted.

*ii.* Authorized

The Company is authorized to issue an unlimited number of common shares without par value. At December 31, 2020, the Company had 56,426,146 (959,244,498 pre-Consolidation) common shares issued and outstanding (December 31, 2019 – 21,499,917 (365,498,594 pre-Consolidation)).

**(b) Share issuances**

*i.* Strategic equity investment by JCHX

On January 17, 2020, Cordoba completed a strategic equity investment totaling gross proceeds of approximately \$10.96 million by JCHX Mining Management Co., Ltd. ("JCHX"). Cordoba issued 5,374,855 (91,372,536 pre-Consolidation) common shares to JCHX through a private placement at a price of \$2.04 (\$0.12 pre-Consolidation) per share (the "JCHX Placement"). On closing, JCHX acquired approximately 19.99% of Cordoba's issued and outstanding common shares, and HPX's ownership reduced to approximately 60.2%. In connection with the JCHX Placement, the Company incurred share issuance costs of \$125,911.

Upon closing of the JCHX Placement, Cordoba and JCHX entered into an investor rights agreement, which provided for certain key provisions:

- JCHX will be entitled to nominate representatives to Cordoba's Board of Directors in proportion to its shareholding (up to a maximum of 20% of the board seats), with one nominee to be added based on JCHX's 19.99% interest;
- JCHX will be granted anti-dilution rights to enable it to maintain its ownership interest;
- JCHX will have a right of first offer to be appointed as the Engineering Procurement Construction contractor in connection with any future mining development on the San Matias Project; and
- JCHX will have a right of first offer in respect of any sale of an equity interest in the San Matias Project.

*ii.* Subscription Agreements

On April 28, 2020, Cordoba issued an aggregate of 218,452 (3,713,687 pre-Consolidation) common shares (the "First Tranche Shares") at a price of \$1.5215 (\$0.0895 pre-Consolidation) per share representing an aggregate value of \$332,375 (US\$250,000 on the conversion date) to two arm's length parties (the "Subscribers") pursuant to the terms of subscription agreements between the Company and each of the Subscribers (the "Subscription Agreements"). The Subscription Agreements were entered into in connection with Cordoba obtaining an extension on certain obligations due under the Option Agreement and in consideration for work and services provided by the parties for

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

the Company. On the date of settlement, the closing market price of the Company's common shares was higher than the agreed-upon amount, and the resulting difference of approximately \$90,985 was recorded in other income.

Concurrent with the issuance of the First Tranche Shares, on April 28, 2020, Cordoba issued 54,611 (928,401 pre-Consolidation) common shares to JCHX at a price of \$0.8772 (\$0.0516 pre-Consolidation) per JCHX Share for gross proceeds of \$47,905, pursuant to the terms of a subscription agreement between the Company and JCHX. In connection with the issuance, the Company incurred share issuance costs of \$4,353.

On July 16, 2020, Cordoba issued an aggregate of 274,128 (4,660,176 pre-Consolidation) common shares (the "Second Tranche Shares") at a price of \$1.2444 (\$0.0732 pre-Consolidation) per share representing an aggregate value of \$341,125 (US\$250,000 on the conversion date) to the Subscribers, pursuant to the terms of the Subscription Agreements. On the date of settlement, the closing market price of the Company's common shares was lower than the agreed-upon amount, and the resulting difference of approximately \$78,291 was recorded in other expense. In connection with the issuance, the Company incurred share issuance costs of \$2,316.

On July 30, 2020, Cordoba issued 68,530 (1,165,017 pre-Consolidation) common shares to JCHX at a price of \$1.4773 (\$0.0869 pre-Consolidation) per share for gross proceeds of \$101,240, pursuant to the terms of a subscription agreement between the Company and JCHX. On closing, JCHX retained its 19.99% interest in Cordoba's issued and outstanding common shares and the Company incurred share issuance costs of \$5,398.

### *iii.* Rights Offering

On June 29, 2020, the Company announced the closing of its rights offering (the "Rights Offering"), which raised gross proceeds of \$21.5 million. Upon the closing of the Rights Offering, the Company issued a total of 25,294,118 (430,000,000 pre-Consolidation) new common shares, which represents 100% of the maximum number of common shares that were available under the offering. The Company incurred \$215,850 of share issuance costs associated with the Rights Offering.

Pursuant to the Rights Offering, eligible shareholders of record on June 1, 2020 received 0.93171762634 of one right for every one common share held (each whole right, a "Right"). Each Right entitled the holder to subscribe for one common share at a subscription price of \$0.85 (\$0.05 pre-Consolidation) per common share (the "Basic Subscription Privilege"). The Rights traded on the TSX Venture Exchange under the symbol "CDB.RT" from May 29, 2020 to June 25, 2020.

In connection with the Rights Offering, the Company entered into a standby commitment agreement (the "Standby Commitment Agreement") with HPX. HPX agreed, subject to certain terms and conditions, to exercise its Basic Subscription Privilege in respect of any Rights it held, and, in addition thereto, to acquire any additional common shares available as a result of any unexercised Rights under the Rights Offering, excluding those falling within JCHX's commitment to complete its Basic Subscription Privilege. The Rights Offering was fully subscribed and consequently, HPX did not acquire any new shares under its standby commitment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

In consideration for the Standby Commitment Agreement, upon completion of the rights offering and fulfillment of the standby commitment, the Company issued 21,910,113 warrants to HPX. At the time of issuance, each warrant entitled HPX to acquire one common share of the Company at an exercise price equal to \$0.075 per common share at any time on or before June 26, 2025 (Note 13(c)(iii)). As a result of the Share Consolidation, the exercise price and number of shares issuable upon exercise of each warrant was adjusted on a 17 for 1 basis, in accordance with the terms of the Consolidation. Therefore, the number of warrants outstanding did not change, and instead the exercise price and number of shares issuable upon exercise of each warrant was adjusted so that upon exercise of the 21,910,113 warrants, HPX is entitled to acquire 1,288,830 common shares of the Company at a price of \$1.275 per common share (Note 13(a)(i)).

JCHX, an insider of the Company fulfilled its commitment by fully exercising its Basic Subscription Privilege and acquired 5,058,730 (85,998,410 pre-Consolidation) common shares for gross proceeds of \$4.30 million, retaining a 19.99% interest in the Company.

#### iv. Private Placement

On December 23, 2020, the Company closed the first tranche of its non-brokered private placement announced on December 4, 2020 (the "Private Placement"). In connection with the closing of this tranche, the Company issued an aggregate of 61,632,749 units of the Company (the "Units") at a price of \$0.075 per Unit for gross proceeds of \$4.62 million. Each Unit consisted of one pre-Consolidation common share of the Company and one share purchase warrant. At issuance, prior to the Share Consolidation, each warrant entitled the holder, on exercise, to purchase one pre-Consolidation common share of the Company anytime on or before December 23, 2022 at a price of \$0.115 per share. The total number of common shares issued at the closing of the first tranche was 3,625,456 (61,632,749 pre-Consolidation). The number of warrants outstanding did not change as a result of the Consolidation, but the exercise price and number of shares issuable upon exercise of each warrant was adjusted on a 17 for 1 basis (Note 13(c)). The net proceeds from the Private Placement have been bifurcated using the relative fair value method, resulting in approximately \$3.12 million recorded in share capital and approximately \$1.35 million recorded in warrants reserve; these amounts are net of share issue costs of approximately \$158,000. HPX subscribed for 28,667,452 Units in the first tranche of the Private Placement, and received 1,686,320 (28,667,452 pre-Consolidation) common shares of the Company, retaining a 58.4% interest in the Company.

The second and final tranche of the Private Placement was subscribed to by JCHX (the "JCHX Tranche") in December 2020, as JCHX agreed to purchase 7,700,584 Units at a price of \$0.075 per Unit for gross proceeds of \$577,543 to maintain a 19.99% interest in the Company on a partially diluted basis. The closing of the JCHX Tranche was subject to JCHX receiving customary approvals and registration with Chinese regulatory agencies. These approvals were received in February 2021, and the JCHX Tranche closed on February 18, 2021. As the JCHX Tranche closed subsequent to the effective date of the Company's 17 for 1 Share Consolidation (Note 13(a)(i)), the subscription was adjusted to account for the impact of the Consolidation, and JCHX was issued 452,975 Units at a price of \$1.275 per Unit to maintain their 19.99% interest in the Company on a partially diluted basis. The

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Units consisted of one common share and one share purchase warrant, which allows JCHX to purchase one common share at any time on or before February 18, 2023, at a price of \$1.955 per share.

### (c) Share Purchase Warrants

Share purchase warrants outstanding as of December 31, 2020 are as follows:

Grant Date	Expiry date	December 31, 2020			December 31, 2019		
		Number of warrants	Number of shares issuable upon exercise of warrants	Weighted average exercise price per share	Number of warrants	Number of shares issuable upon exercise of warrants	Weighted average exercise price per share
October 19, 2018 (i)	October 19, 2020	-	-	-	26,605,128	1,565,008	\$2.21
February 25, 2019 (ii)(v)	February 25, 2021	22,800,000	1,828,870	\$1.496	22,800,000	1,341,176	\$2.04
June 26, 2020 (iii)	June 26, 2025	21,910,113	1,288,830	\$1.275	-	-	-
December 23, 2020 (iv)	December 23, 2022	61,632,749	3,625,449	\$1.955	-	-	-
		<b>106,342,862</b>	<b>6,743,149</b>	<b>\$1.701</b>	<b>49,405,128</b>	<b>2,906,184</b>	<b>\$2.13</b>

As a result of the Share Consolidation, the number of warrants outstanding did not change, however the number of shares issuable upon exercise of the warrants was adjusted on a 17 for 1 basis, consistent with the conversion ratio of the Consolidation (Note 13(a)(i)).

- i. On October 19, 2020, a total of 26,605,128 warrants held by HPX expired unexercised.
- ii. Pursuant to the terms of the underlying warrant certificates, as a result of the Rights Offering (Note 13(b)(iii)) adjustments were made to the exercise price and number of underlying shares issuable under the warrants that were outstanding at the time.

The exercise price of the share issuable upon exercise of the warrants expiring February 25, 2021 was adjusted from \$0.12 to \$0.088 and the number of shares subject to the right of purchase upon exercise of the warrants was adjusted by multiplying the original number of shares by a ratio of 1.36364.

- iii. Pursuant to the terms of the Standby Commitment Agreement, upon closing of the Rights Offering (Note 13(b)(iii)) and fulfillment of the standby commitment by HPX, the Company issued 21,910,113 share purchase warrants to HPX. The fair value of each warrant was estimated to be approximately \$0.0468 on the date of issuance using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 0.305%, expected life of 3 years, annualized volatility of 114.28% and dividend yield of 0%. The aggregate fair value of \$1.02 million was debited to share capital as a cost of conducting the Rights Offering.
- iv. Upon closing of the Private Placement on December 23, 2020, the Company issued 61,632,749 share purchase warrants. The fair value of each warrant was estimated to be approximately \$0.0325 on the date of the issuance using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 0.225%, expected life of 1.5 years, annualized volatility of 118.76% and dividend yield of 0%. 28,667,452 of the share purchase warrants were issued to HPX.
- v. On February 25, 2021, all 22,800,000 warrants expired unexercised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

### 14. SHARE-BASED PAYMENTS

#### (a) Share Purchase Options

The Company has in place a stock option plan (the “Plan”), which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. The aggregate number of securities reserved for issuance will be not more than 10% of the number of common shares issued and outstanding from time to time. The Plan provides that the number of stock options held by any one individual may not exceed 5% of the number of issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the Company’s shares on the day prior to the grant date. Stock options granted under the Plan may be subject to vesting terms if imposed by the Board of Directors or required by the TSX Venture Exchange.

The following is a summary of share purchase options activity for the year ended December 31, 2020 and 2019:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of stock options	Weighted average exercise price (\$ per share)	Number of stock options	Weighted average exercise price (\$ per share)
Outstanding, beginning of year	506,120	\$ 6.29	568,676	\$ 6.46
Granted	1,100,961	1.60	27,149	1.11
Expired/cancelled/forfeited	(115,167)	6.60	(89,705)	5.95
<b>Outstanding, end of year</b>	<b>1,491,914</b>	<b>\$ 2.81</b>	<b>506,120</b>	<b>\$ 6.29</b>
<b>Exercisable, end of year</b>	<b>324,206</b>	<b>\$ 6.90</b>	<b>343,554</b>	<b>\$ 7.82</b>

The number of stock options and weighted average exercise price per share for the years ended December 31, 2020 and 2019 have been adjusted on a 17 for 1 basis, consistent with the conversion ratio of the Share Consolidation (Note 13(a)(i)).

The weighted average fair value of the share purchase options granted during the year ended December 31, 2020, has been estimated to be \$1.10 (December 31, 2019 - \$0.80) using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2020	2019
Risk free interest rate	0.37%	1.24%
Expected life (years)	4.00	4.00
Annualized volatility	103.57%	94.39%
Dividend rate	0%	0%
Forfeiture rate	0%	0%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Exercise price (\$ per share)	Number of stock options	Options outstanding	Number of stock options	Options exercisable
		Weighted average remaining contractual life (years)		Weighted average remaining contractual life (years)
1.11	27,147	3.64	9,048	3.64
1.36	73,526	4.29	-	-
1.62	1,005,869	4.93	-	-
1.70	21,566	4.85	-	-
2.04	52,939	4.90	52,939	4.90
2.21	8,823	4.82	8,823	4.82
3.40	142,640	2.20	95,095	2.20
3.57	41,175	4.40	41,175	4.40
9.86	4,411	1.89	3,308	1.89
12.58	5,882	5.86	5,882	5.86
13.60	44,704	3.49	44,704	3.49
14.45	63,232	5.30	63,232	5.30
	1,491,914	4.56	324,206	3.88

### (b) Deferred Share Units

Pursuant to the terms of the Company's Deferred Share Unit Plan, the Company may grant DSUs to the Company's directors. Upon a participant's retirement, the DSUs may be settled with cash or common shares of the Company, at the sole discretion of the Board. The fair value of a DSU is determined as the fair market value of a common share of the Company on grant date and recorded in equity reserves.

The following is a summary of DSU activity for the years ended December 31, 2020 and 2019:

	Number of DSUs
<b>Balance - December 31, 2018</b>	<b>17,646</b>
Granted	81,447
Redeemed	(8,823)
<b>Balance - December 31, 2019</b>	<b>90,270</b>
Granted	111,961
<b>Balance - December 31, 2020</b>	<b>202,231</b>

The number of DSUs granted, redeemed and outstanding for the years ended December 31, 2020 and 2019 have been adjusted on a 17 for 1 basis, consistent with the conversion ratio of the Share Consolidation (Note 13(a)(i)).

### (c) Other Equity-based Instruments

Pursuant to the terms of the Company's Long Term Incentive Plan, the Company may grant RSUs as well as performance share units ("PSUs") to eligible participants. On entitlement date, the Company may elect to settle the RSUs with cash or common shares of the Company at the discretion of the Board. The fair value of an RSU and PSU is determined as the fair market value of a common share of the Company on the grant date and recorded in equity reserves.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

The following is a summary of RSU activity for the years ended December 31, 2020 and 2019:

	Number of RSUs
<b>Balance - December 31, 2018</b>	<b>32,744</b>
Forfeited	(294)
Redeemed	(16,372)
<b>Balance - December 31, 2019</b>	<b>16,078</b>
Granted	363,231
Redeemed	(16,078)
<b>Balance - December 31, 2020</b>	<b>363,231</b>

The number of RSUs forfeited, granted, redeemed and outstanding for the years ended December 31, 2020 and 2019 have been adjusted on a 17 for 1 basis, consistent with the conversion ratio of the Share Consolidation (Note 13(a)(i)).

### 15. EXPLORATION AND EVALUATION EXPENDITURES

For the years ended December 31, 2020 and 2019, exploration and evaluation ("E&E") expenditure comprises:

	Year ended December 31,	
	2020	2019
Direct exploration costs	\$ 2,330,362	\$ 2,044,986
Indirect exploration costs	2,472,622	1,482,998
Site general and administration ("G&A") costs	2,609,400	2,482,263
E&E acquisition costs	17,757,727	2,090,992
Share-based payments	57,346	75,625
<b>Total E&amp;E expenditures</b>	<b>\$ 25,227,457</b>	<b>\$ 8,176,864</b>

E&E expenditures are allocated to the following projects:

	San Matias		Perseverance		Other		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Direct exploration costs	\$ 1,966,938	\$ 1,526,207	\$ 363,424	\$ 518,779	\$ -	\$ -	\$ 2,330,362	\$ 2,044,986
Indirect exploration costs	2,225,130	1,307,627	247,492	175,371	-	-	2,472,622	1,482,998
Site G&A costs	2,538,390	2,411,253	71,010	71,010	-	-	2,609,400	2,482,263
E&E acquisition costs (i)	17,757,314	2,045,821	413	45,171	-	-	17,757,727	2,090,992
Share-based payments	-	-	-	-	57,346	75,625	57,346	75,625
<b>Total E&amp;E expenditures</b>	<b>\$ 24,487,772</b>	<b>\$ 7,290,908</b>	<b>\$ 682,339</b>	<b>\$ 810,331</b>	<b>\$ 57,346</b>	<b>\$ 75,625</b>	<b>\$ 25,227,457</b>	<b>\$ 8,176,864</b>

- i. E&E acquisition costs in Colombia of approximately \$17.76 million for the year ended December 31, 2020 relate to the Company's acquisition of the Alacran Deposit on June 30, 2020 (Note 17).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

### 16. CORPORATE ADMINISTRATION

For the years ended December 31, 2020 and 2019, corporate administration comprises:

	Year ended December 31,	
	2020	2019
Salaries and benefits	\$ 835,116	\$ 980,563
Directors fees	77,000	-
Share-based payments	301,557	296,847
Office administration	111,349	111,096
Professional fees	446,719	369,150
Insurance	124,729	52,310
Travel	3,548	41,097
Investor relations	50,502	46,642
Compliance and regulatory	75,234	62,495
Other	93,441	63,156
<b>Total corporate administration</b>	<b>\$ 2,119,195</b>	<b>\$ 2,023,356</b>

### 17. ACQUISITION OF ALACRAN DEPOSIT

On June 30, 2020, the Company acquired 100% ownership of the Alacran Deposit, through the acquisition of 100% of the outstanding common shares of CMH, and its wholly-owned subsidiary, Cobre, which holds the Alacran Deposit. The Alacran Deposit, an exploration and evaluation asset under the provisions of IFRS 6, is Cobre's principal asset, and the acquisition was accounted for as an asset acquisition as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, the Alacran Deposit, and therefore, did not meet the definition of a business under IFRS 3, *Business Combinations*.

On June 30, 2020, the Company settled the fifth and final option payment of US\$13 million (\$17.73 million) (Note 12(i)) to acquire the 100% interest in CMH through cash payments of US\$7.5 million (\$10.18 million), and an agreement to defer HPX's US\$5.5 million (\$7.54 million) portion of the option payment (Note 20(c)(iii)), which was settled during the third quarter of 2020. Upon settlement of all outstanding obligations pursuant to the Option Agreement on June 30, 2020, all shares of CMH were transferred to Cordoba. The consideration of US\$13 million, which was originally capitalized on August 30, 2019 as a non-current asset, represents the cost to acquire the Alacran Deposit.

The net assets acquired by the Company were estimated at a fair value of \$17.76 million as follows:

Consideration	
Cash payments	\$ 17,729,089
Transaction costs	30,095
	<b>\$ 17,759,184</b>
Alacran Deposit	17,757,314
Receivables	1,870
Net assets acquired	<b>\$ 17,759,184</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

In accordance with Cordoba's accounting policy, the fair value allocated to the Alacran Deposit was expensed as an E&E acquisition cost within exploration and evaluation expenditures on the date of acquisition.

In connection with the acquisition of the Alacran Deposit, the shareholders of the OMNI Parties retained a 2% net smelter royalty, with an advanced royalty payment of US\$500,000 commencing at the earlier of three years after the receipt of approvals to commence construction at Alacran, or six years after filing for approval to commence construction at Alacran.

### 18. NON-CONTROLLING INTEREST

In May 2019, the Company acquired 25% of MMDEX LLC ("MMDEX"). The acquisition was accounted for as an asset acquisition as the activities of MMDEX did not meet the definition of a business under IFRS 3, *Business Combinations*. Management's assessment at the time of acquisition concluded that Cordoba controls MMDEX. The Company has consolidated MMDEX, recognizing a 75% non-controlling interest from May 2019 onwards.

The carrying value of MMDEX's assets and liabilities was \$Nil as at December 31, 2020 (December 31, 2019 - \$Nil). MMDEX's revenue was \$Nil for the year ended December 31, 2020 (December 31, 2019 - \$Nil). MMDEX's net loss for the year ended December 31, 2020 was \$588,017 (December 31, 2019 - \$268,465). The Company recognized \$441,015 as non-controlling interest, for the year ended December 31, 2020 (December 31, 2019 - \$201,349).

### 19. SUPPLEMENTAL CASH FLOW INFORMATION

The non-cash financing activities not already disclosed in the consolidated statements of cash flows were as follows:

	Notes	Year ended December 31,	
		2020	2019
<b>Operating activities</b>			
Shares issued on settlement of other liability	13(b)(ii)	\$ 673,500	\$ -
Shares issued on settlement of principal owing on promissory note		-	3,195,292

### 20. RELATED PARTY TRANSACTIONS

The Company had transactions during the year ended December 31, 2020 and 2019 with related parties consisting of directors, officers, HPX, JCHX, Global Mining Management Corporation ("GMM"), the OMNI Parties, Computational Geosciences Inc. and Vagon Capital S.A.S. These related party transactions, which are described below and in Note 13(b), are in the normal course of operations and are measured at the exchange amount of the services rendered.

#### (a) Expenses

During the year ended December 31, 2020, the Company incurred approximately \$93,000 (December 31, 2019 - \$82,000) in E&E and corporate administration expenditures with HPX. The costs incurred consist of technical and managerial services provided for the Company's exploration projects, as well as corporate travel expenditures. Additionally, during the year ended December 31, 2020, the Company charged HPX approximately \$78,000 (December 31, 2019 - \$89,000), relating to E&E salaries and expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

During the year ended December 31, 2020, the Company incurred approximately \$948,000 (December 31, 2019 - \$868,000) in E&E and corporate administration expenditures with GMM, a private company based in Vancouver, Canada. Cordoba held 7.7% of GMM's common shares at December 31, 2020 (December 31, 2019 – 9.1%). The costs incurred consist of administrative, technical and managerial services provided to the Company on a pro-rata cost sharing basis under the provisions of the "Shareholders' Corporate Management and Cost Sharing Agreement" between the Company and GMM. The investment in GMM is held at \$Nil on the consolidated statement of financial position.

During the year ended December 31, 2020, the Company incurred \$77,000 (December 31, 2019 - \$Nil) in directors fees.

During the year ended December 31, 2020, the Company incurred \$50,000 (December 31, 2019 - \$Nil) in technical E&E expenditures provided by Computational Geosciences Inc., a private company based in Vancouver, Canada, which is also a member of the same HPX group.

During the year ended December 31, 2020, the Company incurred approximately \$191,000 (December 31, 2019 - \$Nil) in professional consulting services from Vagon Capital SAS, a company that is controlled by a close family member of one of the Company's non-independent directors.

During the year ended December 31, 2020, the Company incurred approximately \$17.73 million (December 31, 2019 - \$1.38 million) in E&E acquisition costs (Note 17) related to the OMNI Parties, which is also a member of the same HPX group.

### (b) Deposits

At December 31, 2020, the Company had a deposit of \$80,000 (December 31, 2019 - \$80,000) held by GMM. This deposit is recorded in prepaid expenses and deposits.

### (c) Amounts due from / to related parties

	December 31, 2020	December 31, 2019
Due from related parties		
Due from HPX	24,431	-
<b>Total due from related parties</b>	<b>\$ 24,431</b>	<b>\$ -</b>
Due to related parties		
Due to GMM (i)	\$ 72,363	\$ 134,582
Due to directors of the Company	18,000	-
Due to HPX (i)(iii)	-	101,578
HPX short-term loan (ii)	-	3,330,930
<b>Total due to related parties</b>	<b>\$ 90,363</b>	<b>\$ 3,567,090</b>

- i. The payables and accrued liabilities owing to GMM and HPX are unsecured, non-interest-bearing and payable on demand.
- ii. On September 25, 2019 the Company arranged short-term loan financing from HPX under the terms of an Unsecured Promissory Note Agreement, which has been provided in the form of a grid promissory note ("Promissory Note"). The Promissory Note had a maturity date of December 31, 2019, and an interest rate of 10% per

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

annum, with interest accruing daily and all interest compounding only at maturity. The interest rate increased to 12% per annum as the Company did not repay the amount owing upon the maturity date. In January 2020, the Company completed a final draw-down on the Promissory Note of approximately US\$192,000 (\$251,000). Upon closing of the Private Placement with JCHX in January 2020 (Note 13(b)(i)), the Company repaid the total amount owing on the Promissory Note, which consisted of principal and interest of approximately US\$2.77 million (\$3.62 million). Aggregate interest expense on the Promissory Note of \$22,879 was recorded in the statements of loss and comprehensive loss for the year ended December 31, 2020 (December 31, 2019 - \$51,814). Interest expense of \$81,186 was recorded for the year ended December 31, 2019 in relation to the short-term loan financing arranged in June 2019 and subsequently converted to equity in September 2019.

- iii. On June 30, 2020, the Company completed the acquisition of a 100% interest in the Alacran Deposit and the OMNI Liability was settled through cash payments of US\$7.5 million (\$10.18 million), and a deferral agreement with HPX, one of the shareholders of the OMNI Parties, for their US\$5.5 million (\$7.54 million) portion of the final payment. The balance of US\$5.5 million (\$7.54 million) was paid during the third quarter of 2020. At December 31, 2020, other liability includes \$Nil (December 31, 2019 - \$16.90 million) payable to the OMNI Parties (Note 12(i)).

### (d) Leases

In December 2018, the former CEO of the Company financed a vehicle on behalf of the Company for operations at the Perseverance Project. The Company is leasing this vehicle from the former CEO. At December 31, 2020, the lease liability for the vehicle was \$28,844 (December 31, 2019 - \$35,158) with a remaining lease term of 47 months and an interest rate of 11.29%.

### (e) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. For the years ended December 31, 2020 and 2019, key management compensation includes:

	Year ended December 31,	
	2020	2019
Salaries and benefits	\$ 647,217	\$ 712,557
Share-based payments (i)	270,848	195,119
<b>Total key management compensation</b>	<b>\$ 918,065</b>	<b>\$ 907,676</b>

- i. Share-based payments represent the fair value of RSUs, DSUs and share purchase options at the date of the grant that is expensed during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

### 21. SEGMENTED INFORMATION

The Company operates in three geographically based industry segments, Canada, Colombia and the United States. The Company's head office is in Vancouver, Canada. The reported loss from operations for the years ended December 31, 2020 and 2019, respectively, in each segment is as follows:

	Colombia		USA		Canada		Total	
	Year ended December 31, 2020	2019	Year ended December 31, 2020	2019	Year ended December 31, 2020	2019	Year ended December 31, 2020	2019
E&E expenditures	\$ 24,487,772	\$ 7,290,908	\$ 682,339	\$ 810,331	\$ 57,346	\$ 75,625	\$ 25,227,457	\$ 8,176,864
Corporate administration	-	-	47,077	27,908	2,072,118	1,995,448	2,119,195	2,023,356
Amortization	326,111	248,620	8,401	8,312	8,301	100,379	342,813	357,311
<b>Loss from operations</b>	<b>\$ 24,813,883</b>	<b>\$ 7,539,528</b>	<b>\$ 737,817</b>	<b>\$ 846,551</b>	<b>\$ 2,137,765</b>	<b>\$ 2,171,452</b>	<b>\$ 27,689,465</b>	<b>\$ 10,557,531</b>

The Company's non-current assets at December 31, 2020 and December 31, 2019 are located in Colombia, the United States and at the corporate office in Canada, as follows:

	Colombia		USA		Canada		Total	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Colombian VAT receivable	\$ 1,907,966	\$ 1,629,508	\$ -	\$ -	\$ -	\$ -	\$ 1,907,966	\$ 1,629,508
Property, plant and equipment	1,013,132	1,276,780	264,996	31,864	-	8,301	1,278,128	1,316,945
Financial assets	-	-	-	-	971,429	185,714	971,429	185,714
Other asset	-	16,898,700	-	-	-	-	-	16,898,700
<b>Non-current assets</b>	<b>\$ 2,921,098</b>	<b>\$ 19,804,988</b>	<b>\$ 264,996</b>	<b>\$ 31,864</b>	<b>\$ 971,429</b>	<b>\$ 194,015</b>	<b>\$ 4,157,523</b>	<b>\$ 20,030,867</b>

### 22. FINANCIAL INSTRUMENTS

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized at FVTPL or FVTOCI.

The Company's financial assets and financial liabilities are classified as follows:

	December 31, 2020	December 31, 2019
<b>Financial assets</b>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 5,477,364	\$ 247,160
Other receivables	11,190	19,334
Deposits	785,589	196,101
Financial assets measured at FVTOCI		
Investments	971,429	185,714
<b>Total financial assets</b>	<b>\$ 7,245,572</b>	<b>\$ 648,309</b>
<b>Financial liabilities measured at amortized cost</b>		
Accounts payable and accrued liabilities	\$ 971,757	\$ 676,007
Due to related parties	90,363	3,567,090
Lease liability	153,012	413,607
Other liability	-	17,548,200
<b>Total financial liabilities</b>	<b>\$ 1,215,132</b>	<b>\$ 22,204,904</b>

The carrying amounts for cash and cash equivalents, other receivables, deposits, accounts payable and accrued liabilities, due to related parties, and other liability approximate fair values due to their short-term nature.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

---

Financial instruments measured at fair value are classified into one of the 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 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 (unobservable inputs).  |

Investments in traded equity securities are valued using level one inputs.

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below:

*(a) Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents, receivables and deposits, and its maximum exposure to credit risk is the carrying value of these assets at December 31, 2020.

Cash and cash equivalents are deposited with high-quality financial institutions as determined by a primary ratings agency.

*(b) Interest rate risk*

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank deposits, which is insignificant due to their short-term nature.

The Company has not entered into any derivative instruments to manage interest rate fluctuations; however, management monitors interest rate exposure closely.

*(c) Currency risk*

The Company reports its financial results in Canadian dollars but also undertakes transactions in various foreign currencies, mainly the US dollar. As the exchange rates between the Canadian dollar and these foreign currencies fluctuate, the Company experiences foreign exchange gains and losses. The Company has cash, receivables, accounts payable and accrued liabilities, due to related parties, and lease liabilities that are denominated in foreign currencies, which are subject to currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the respective statement of financial position dates are as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

	December 31, 2020		December 31, 2019	
	Colombian		Colombian	
	US Dollars	Pesos	US Dollars	Pesos
Cash and cash equivalents	\$ 2,185,571	\$ 38,860	\$ 129,716	\$ 75,563
Other receivables	\$ -	11,190	-	16,791
Accounts payable and accrued liabilities	\$ (30,678)	(699,265)	(27,651)	(327,383)
Due to related parties	\$ (8,931)	-	(3,452,150)	-
Other liability	\$ -	-	(17,548,200)	-
Current and non-current lease obligation	\$ (28,843)	(124,169)	(35,159)	(369,557)
	\$ 2,117,119	\$ (773,384)	\$ (20,933,443)	\$ (604,586)

As at December 31, 2020, a 10% depreciation or appreciation of applicable foreign currencies against the Canadian dollar would result in an approximate \$134,400 decrease or increase in the Company's comprehensive loss (December 31, 2019 - \$2.15 million).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due.

As the Company is an exploration stage company, the ability of the Company to manage its liquidity risk and continue to operate and fund its cash flow requirements is dependent on its ability to continue to obtain funding, including financing through equity placements, debt and joint venture agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration or development of the Company's properties and the possible loss of title to such properties.

The Company believes that based on a combination of its cash position and the ability to pursue additional sources of financing, including equity placements, it has adequate resources as at December 31, 2020, to maintain its minimum obligations and general corporate activities, through to December 31, 2021.

### 23. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity and short-term debt. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities.

The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development, general administrative costs and exploration and development programs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to cover its operating costs and to carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. There have been no changes to the Company's approach to capital management during the year ended December 31, 2020.

### 24. INCOME TAXES

A reconciliation of income taxes computed at Canadian statutory rates to the reported income taxes is provided as follows:

	December 31, 2020	December 31, 2019
Net loss for the year	\$ 27,747,439	\$ 10,629,331
Canadian statutory tax rate	27.0%	27.0%
Tax at statutory Canadian rate	7,492,000	2,870,000
Tax at foreign tax rate	1,042,000	305,000
Items not deductible for income tax purposes	(1,468,000)	(1,035,000)
Tax effect of tax losses and temporary differences not recognized	(7,066,000)	(2,140,000)
<b>Total income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has tax losses (expiring over the period 2036-2040) and other deductible temporary differences as listed below, the benefits of which have not been recognized in these financial statements, as management does not consider their utilization in the foreseeable future to be probable.

	December 31, 2020	December 31, 2019
Canadian tax losses expiring 2037-2040	\$ 6,592,000	\$ 4,677,000
US tax losses expiring 2036-2040	671,000	580,000
Colombian tax losses	143,000	170,000
Exploration and evaluation assets	29,065,000	27,833,000
Share issue costs	762,000	651,000
<b>Unrecognized deferred tax assets</b>	<b>\$ 37,233,000</b>	<b>\$ 33,911,000</b>

### 25. CONTINGENCIES

Cordoba filed criminal lawsuits in late 2018 and in January 2019 with the Colombian prosecutors against nine members of former Colombian management, alleging breach of fiduciary obligations, abuse of trust, theft and fraud. The Colombian prosecutor service will determine if any formal charges should be laid. The Company is also seeking civil damages against some of these individuals. We cannot reasonably predict the likelihood or outcome of the lawsuits.