ADVENTUS MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Deloitte.

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON, M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and Board of Directors of
Adventus Mining Corporation

Opinion

We have audited the consolidated financial statements of Adventus Mining Corporation (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of earnings (loss), comprehensive earnings (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 Corporation as at December 31, 2022 and 2021, 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 Corporation 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.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Exploration and Evaluation Assets – Assessment of Whether Indicators of Impairment Exist - Refer to Notes 3, 5 and 11 to the financial statements.

Key Audit Matter Description

The Corporation's determination of whether or not an indicator of impairment exists requires significant management judgment.

Auditing the Corporation's assessment of whether an indicator of impairment existed as at December 31, 2022 required increased auditor attention due to the judgments made by management when determining whether events or changes in circumstances could indicate a potential impairment. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of whether an indicator of impairment existed in exploration and evaluation assets included the following, among others:

- Obtained management's assessment and evaluated whether; a) the Corporation has the right to explore in the specific area; b) the occurrence and commitment to substantive expenditures in the specific area is budgeted or planned; and c) there are any changes in the status of commercially viable quantities of mineral resource.
- With the assistance of fair value specialists, evaluated whether sufficient data exists to indicate that the carrying amount of the exploration and evaluation assets is likely to be recovered in full from successful development by;
    - Performing an assessment of the market capitalization to the carrying value of the Corporations which included: assessing control premiums, industry specific factors company performance and volume-weighted share price.
    - Evaluating the future commodity prices by comparing forecasts to third party forecasts.
    - Evaluating the reasonableness of the discount rate by developing a range of independent estimates and comparing those to the discount rate selected by management.

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 and will 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Corporation 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Paul Fletcher.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
April 28, 2023

TABLE OF CONTENTS

Consolidated Statements of Financial Position As at

(Expressed in thousands of United States dollars)	Notes		December 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents		$	12,092	$	2,929
Other receivables and prepaid expenses	12		1,252		361
Total current assets		$	13,344	$	3,290
Non-current assets					
Exploration and evaluation assets	11	$	112,450	$	88,549
Property, plant and equipment	10		7,657		6,354
Other assets	13		2,253		-
Total non-current assets		$	122,360	$	94,903
TOTAL ASSETS		$	135,704	$	98,193
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	5,527	$	2,515
Lease liability	14		15		-
Other liabilities	15		5	$	-
Total current liabilities		$	5,547	$	2,515
Non-current liabilities					
Lease liability	14	$	26	$	-
Other liabilities	15		1,145		-
Deposit liability	8		13,000		-
Total non-current liabilities		$	14,171	$	-
Total liabilities		$	19,718	$	2,515
Equity					
Shareholders' equity		$	101,658	$	82,337
Non-controlling interest			14,328		13,341
Total equity		$	115,986	$	95,678
TOTAL LIABILITIES AND EQUITY		$	135,704	$	98,193

Commitments (Note 23)
Subsequent events (Note 24)

On behalf of the Board (Approved on April 28, 2023)

/s/ "Christian Kargl-Simard"

Christian Kargl-Simard, Director

/s/ "Mark Wellings"

Mark Wellings, Chairman and Director

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

ADVENTUS

Consolidated Statements of (Loss) Earnings
For the Year ended December 31,

(Expressed in thousands of United States dollars, except per share amounts)	Notes		2022		2021
Expenses and Other					
Employee benefits		$	1,778	$	1,369
Professional and consulting fees			1,647		797
Other expenses			1,270		730
Share-based compensation	17(c)(d)		998		641
Exploration and evaluation assets abandoned or impaired	11		102		-
Gain on equity investment in associate	7		-		(4,138)
Depreciation	10		27		31
Foreign exchange loss			781		59
Interest income			(154)		(40)
Fair value gain on option to acquire mineral interests	11		-		(18,559)
Fair value gain on other investments	13		(59)		-
Fair value gain on derivative liabilities	17(b)		(1,407)		-
Finance costs	13		377		-
		$	5,360		(19,110)
(Loss) earnings before income taxes			(5,360)		19,110
Income tax expense	16		-		-
Net (loss) earnings		$	(5,360)	$	19,110
Net (loss) earnings attributable to:					
Common shareholders			(5,169)		19,122
Non-controlling interest			(191)		(12)
		$	(5,360)	$	19,110
Net (loss) earnings per share					
Basic	17(e)	$	(0.03)	$	0.15
Diluted	17(e)	$	(0.03)	$	0.14
Weighted average number of shares					
Basic	17(e)		163,993,108		131,183,711
Diluted	17(e)		163,993,108		132,023,711

ADVENTUS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

(Expressed in thousands of United States dollars)	Notes		2022		2021
Net (loss) earnings		$	(5,360)	$	19,110
Other comprehensive (loss) earnings					
To be reclassified subsequently to profit or loss					
Foreign currency translation adjustment on foreign operations			-		(57)
Total comprehensive (loss) earnings		$	(5,360)	$	19,053
Total comprehensive (loss) earnings attributable to:					
Common shareholders			(5,169)		19,065
Non-controlling interest			(191)		(12)
		$	(5,360)	$	19,053

ADVENTUS

Consolidated Statements of Cash Flows
For the Years ended December 31,

(Expressed in thousands of United States dollars)			2022		2021
Operating activities					
Net (loss) earnings		$	(5,360)	$	19,110
Adjustments for non-cash and non-operating activities:					
Depreciation			27		31
Share-based compensation			998		641
Exploration and evaluation assets abandoned or impaired			102		-
Gain on equity investment in associate	7		-		(4,138)
Fair value gain on option to acquire mineral interests	11		-		(18,559)
Fair value gain on other investments	13		(59)		-
Fair value gain on derivative liabilities	17(b)		(1,407)		-
Finance costs			377		-
Foreign exchange loss			574		264
Changes in non-cash operating working capital	21		1,063		511
Receipt of precious metals stream deposit	8		13,000		-
Cash provided by (used in) operating activities		$	9,315	$	(2,140)
Investing activities					
Exploration and evaluation assets			(22,715)		(3,233)
Acquisition of property, plant and equipment			(1,490)		(15)
Option to acquire mineral interests			-		(18,343)
Net proceeds from disposal of investment in associate			-		5,168
Cash used in investing activities		$	(24,205)	$	(16,423)
Financing activities					
Net proceeds from issuance of shares and warrants			24,887		-
Issuance of common shares on exercise of options			-		130
Finance costs			(227)		-
Interest paid			(24)		-
Payment of lease obligations			(8)		-
Cash provided by financing activities		$	24,628	$	130
Net decrease in cash and cash equivalents			9,738		(18,433)
Effect of foreign exchange on cash and cash equivalents			(575)		(256)
Cash and cash equivalents, beginning of year			2,929		21,618
Cash and cash equivalents, end of year		$	12,092	$	2,929

Cash and cash equivalents consist of:				
Deposits with banks		10,750		2,055
Short term deposits		1,342		874
Cash and cash equivalents, end of year	$	12,092	$	2,929

ADVENTUS

Consolidated Statements of Changes in Equity

(Expressed in United States dollars, except share amounts)	Notes	Common Shares Number	Common Shares Amount	Contributed Surplus	Purchase Warrants	Accumulated Other Comprehensive Loss (Earnings)	Accumulated earnings (loss)	Total Shareholders' Equity	Non-controlling Interest	Total Equity
Balance, January 1, 2021		131,091,382	$ 72,143	$ 2,319	$ -	$ 701	$ (12,332)	$ 62,831	$ 1,458	$ 64,289
Exercise of options	17(d)	500,000	209	(79)	-	-	-	130	-	130
Share-based compensation		-	-	641	-	-	-	641	-	641
RSU settlement		200,000	145	(475)	-	-	-	(330)	-	(330)
Non-controlling interest of Salazar Holdings	6	-	-	-	-	-	-	-	11,895	11,895
Net earnings		-	-	-	-	-	19,122	19,122	(12)	19,110
Other comprehensive earnings		-	-	-	-	(57)	-	(57)	-	(57)
					-					
Balance, December 31, 2021		131,791,382	$ 72,497	$ 2,406	$ -	$ 644	$ 6,790	$ 82,337	$ 13,341	$ 95,678
Shares issued under prospectus placement	17(a)	34,569,500	25,229	-	-	-	-	25,229	-	25,229
Share issuance costs	17(a)	-	(1,754)	-	-	-	-	(1,754)	-	(1,754)
Lender's Warrants	17(b)	-	-	-	1,363	-	-	1,363	-	1,363
Share-based compensation	17(c)(d)	-	-	998	-	-	-	998	-	998
RSU settlement and reclassification to liabilities	17(d)	-	-	(168)	-	-	-	(168)	-	(168)
Non-controlling interest of Salazar Holdings	6	-	-	-	-	-	(1,178)	(1,178)	1,178	-
Net loss		-	-	-	-	-	(5,169)	(5,169)	(191)	(5,360)
Other comprehensive earnings		-	-	-	-	-	-	-	-	-
Balance, December 31, 2022		166,360,882	$ 95,972	$ 3,236	$ 1,363	$ 664	$ 443	$ 101,658	$ 14,328	$ 115,986

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Adventus Mining Corporation ("Adventus" or "the Corporation") is a mineral exploration and development company that is focused on the identification and acquisition of mineral properties and the exploration and development of its mineral properties. Since 2017, the Corporation had been funding exploration and development expenditures in the Curipamba property ("Curipamba") in Ecuador under an option agreement ("Option Agreement") with Salazar Resources Ltd. ("Salazar Resources"), and in 2022, it has completed all its obligations under the Option Agreement and has acquired 75% of Salazar Holdings Ltd. ("Salazar Holdings") which holds Curimining S.A. ("Curimining"), the project owner of Curipamba. The focus of the Corporation has been on the advancement of the volcanogenic massive sulfide El Domo deposit ("El Domo") in Curipamba to a construction decision as well as in other exploration properties in Ecuador under an exploration alliance agreement ("Alliance Agreement") with Salazar Resources.

The Corporation was incorporated on October 24, 2016 pursuant to the Canada Business Corporations Act. Its registered office is at 550-220 Bay Street, Toronto, ON, M5J 2W4. It is listed on the TSX Venture Exchange under the symbol ADZN and trades on the OTCQX under the symbol ADVZF.

The Corporation's consolidated financial statements were authorized for issue by the Board on April 28, 2023.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared on a historical cost basis, except for certain items at fair value. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in United States dollars, unless otherwise stated. Tabular amounts are presented in thousands of United States dollar with the exception of per share amounts.

Going concern

These consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Corporation is a going concern, management has considered all available information about the future, which is at least, but not limited to, the twelve months from December 31, 2022.

As at December 31, 2022, the Corporation has approximately $12,092,000 in cash and cash equivalents (2021: $2,929,000), with current assets exceeding current liabilities by $7,797,000 (2021: $775,000). The Corporation reported net loss attributable to common shareholders of $5,169,000 for the year ended December 31, 2022 (2021: net earnings of $19,122,000). The ability to continue operations in the normal course of business is dependent on several factors, including the Corporation's ability to secure funding.

The recoverability of the amount capitalized to exploration and evaluation assets and to the options to acquire shares in mineral interests is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing on favourable terms to continue to perform exploration activities or complete the development of the properties where necessary, or alternatively, upon the Corporation's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain. These uncertainties may affect the ability of the Corporation to continue operations and meet its obligations and discharge its liabilities into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of the accounting principles applicable to going concern.

The Corporation has been able to raise adequate funding for its operations in the past. In January 2022, following the earn-in of its interest into 75% of Curipamba, a subsidiary of the Corporation entered into a precious metals purchase agreement ("PMPA") with a subsidiary of Wheaton Precious Metals Corp ("Wheaton") with an upfront cash consideration of $175,500,000 and a $5,000,000 equity commitment. In December 2022, the Corporation drew down an amount $13,000,000 (the "Early Deposit") and in January 2023, an amount of $150,000 (the "ESG Deposit") from Wheaton. (See Note 8).

Concurrently with the PMPA with Wheaton, the Corporation entered into a binding engagement for an offtake financing arrangement with Trafigura Pte Ltd. ("Trafigura") with a $45,000,000 senior debt facility and a $10,000,000 equity commitment. Definitive agreements ("Trafigura Agreements") were finalized and signed with Trafigura (See Note 9) in July 2022.

2. BASIS OF PRESENTATION (CONTINUED)

In January 2022, the Corporation closed a bought deal prospectus financing ("January 2022 Offering") for 34,569,500 units (the "Units") at a price of C$0.97 per unit for aggregate gross proceeds of approximately $26,600,000 (C$33,532,000), each Unit consisting of one common share of the Corporation and one-half warrant ("Warrant"). Each Warrant is exercisable for one common share in the Corporation at C$1.20 up to July 26, 2023. A total of 500,000 Warrants at a price of C$0.10 per Warrant were also issued as part of the January 2022 Offering for aggregate gross proceeds of approximately $41,000 (C$50,000), these closed in two tranches on January 26, 2022 and February 2, 2022. In January 2023, the Corporation closed a bought deal prospectus financing ("January 2023 Offering") for 13,269,230 common shares for aggregate gross proceeds of approximately $5,134,000 (C$6,900,000).

With the various financing initiatives in 2022 and 2023, the Corporation had secured project and equity financing that will advance the Curipamba project towards pre-construction, environmental and social impact assessment, and community development activities, paving the way for a construction decision. The Corporation has been successful in raising equity financing as required and at December 31 2022 had $12,092,000 in cash and cash equivalents. However, events or circumstances could arise in future that may limit the ability of the Corporation to raise funds in a timely manner. As such, management believes that uncertainties continue to remain, which may cast doubt upon the Corporation's ability to continue as a going concern. Management continues to explore all available options to secure funding, including equity financing and strategic partnerships. Should the Corporation not be able to secure financing in a timely manner, the Corporation will curtail exploration spending and defer discretionary expenditures to conserve cash.

Almost three years since COVID-19 was declared a pandemic, most countries have emerged from the various public health safety measures that were put in place by most of the world's nations. The overall impact of the COVID-19 pandemic on the Corporation to date has not been material, and work in 2022 is relatively uninterrupted. Whether there will be further impact in 2023 is dependent on whether variants, if any, will result in renewed spike of infection and hospitalizations, the continued efficacy of vaccines to the new variants, the re-imposing of mobility restrictions, the recovery of the global economy and the volatility of the commodity markets, all of which are uncertain and may impose significant negative impact on the operations of the Corporation and its cash flow.

On February 24, 2022, Russian troops entered Ukraine and the ensuing military action has led to significant casualties and damage to infrastructure and mass relocation in Ukraine. In response, various jurisdictions across the globe have imposed economic sanctions on Russia and its allies and a large number of companies, both large and small, public and private, have opted to curtail business in Russia, or to cease operations in Russia or to cease providing services and goods to Russia. While the Corporation is not directly affected by these, the ripple effect of the war and its disruption of trade exacerbated the global supply-chain challenges, labour shortages and inflationary pressures that had been brought on by the pandemic disruptions and the war, and the continued uncertainties around the global recovery will linger and may impose significant negative impact on the Corporation and its cash flow.

These consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to statement of earnings (loss) and comprehensive earnings (loss) that might be necessary if the Corporation was unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements include the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Corporation, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings, and the nature of substantive rights and protective rights.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On acquiring control, the Corporation elected to apply the concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test has the following consequences: (i) if the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed (ii) if the concentration test is not met, or the entity elects not to apply the test, the entity shall then perform the assessment of elements of a business.

The fair value of acquisition of a subsidiary is based on the fair value of the assets acquired and liabilities assumed. Where the subsidiary is acquired as a result of the exercise of an option, the fair value of the consideration given is equal to the fair value of the option at the time of acquisition. The fair value of the option at the acquisition date is equal to the fair value of the net assets acquired less the exercise price of $NIL. The Corporation recognizes any non-controlling interest in the investee at fair value.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated**.** Non-controlling interests in the net assets of the consolidated subsidiaries are shown as a separate component of the Corporation's equity, and consist of the non-controlling interests on the date of the original acquisition date plus the non-controlling interests' share of changes in equity since the date of acquisition, as that represents the non-controlling shareholders' share of the investee's net assets as if the book value of their assets were realized and distributed to the shareholders based on the circumstances that exist at the end of the reporting period. As the Corporation's underlying ownership interest changes because of the external financings, the Corporation's investment is adjusted to reflect any dilution effect which is recorded in the consolidated statement of earnings (loss).

When the Corporation loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary from the consolidated statement of financial position. It recognizes a gain or loss in the statements of loss, which is the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive loss in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset for subsequent accounting under IFRS 9, and where applicable, the cost on initial recognition of an investment in an associate.

Investments in associates are accounted for using the equity method. Under this method, the Corporation's share of the investment's earnings or losses is included in the consolidated statement of earnings and the consolidated statement of comprehensive earnings (loss) and the carrying amount of the investment is adjusted by a like amount.

These consolidated financial statements include all material subsidiaries in the accounts of the Corporation for the periods presented. These subsidiaries are listed as follows:

Subsidiary	Ownership	Incorporated	Nature
Adventus Zinc Ireland Limited	100%	Ireland	Mineral exploration
Curimining S.A.	75%	Ecuador	Mineral exploration
Dos Gemas Company M2G S.A.	80%	Ecuador	Mineral exploration
Guayacán Gold GGC S.A.	80%	Ecuador	Mineral exploration
Llaktawayku S.A.	80%	Ecuador	Mineral exploration

(b) Functional currency and presentation currency

An entity's functional currency is the currency of the primary economic environment in which it operates. Where there is a change in events or conditions used in the initial determination of the functional currency, management reconsiders its determination. The functional currency for the Corporation and its material subsidiaries is the United States Dollar ("US$") except for Adventus Zinc Ireland Limited ("Adventus Ireland") which is the Euro ("€"). The presentation currency is also US$.

At each financial reporting date, the assets and liabilities are translated to US$ at the exchange rates prevailing at the reporting date while income and expense items are translated at the average rates for the period, and equity at historical rates, with the resulting foreign exchange currency translation amount taken into other comprehensive earnings (loss).

On disposal of an entity, the cumulative exchange differences are recognized in the income statement as part of the profit or loss on sale. Exchange differences arising from translation of monetary items on each subsidiary's separate financial statements that form part of the Corporation's net investment in foreign operation are recognized in other comprehensive earnings (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency transactions

Transactions entered into by an entity in a currency other than its functional currency are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses on translation of monetary assets and liabilities are included in the determination of net income or loss for the period.

(d) Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks and short-term investments in money market instruments that are readily convertible to cash with initial terms to maturity of three months or less at the time of purchase. Cash and cash equivalents are carried at amortized cost.

(e) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment loss, if any, and is amortized using the straight-line method over the following useful lives:

Furniture, equipment and vehicles	3-10 years
Leasehold improvement	life of lease

Where parts of an item of an equipment have different useful lives, they are accounted for as separate items of equipment, and depreciated over their respective lives.

(f) Impairment of property, plant and equipment

At each reporting date the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication that those assets are impaired. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as impairment expense. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as an impairment reversal for the period.

(g) Exploration and evaluation assets

The Corporation defers costs for mineral properties and exploration costs when it has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

Exploration and evaluation assets will be reclassified to property, plant and equipment as asset under construction when the technical feasibility and commercial viability of extracting the mineral resources or mineral reserves are demonstrable and a construction decision has been made.

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis to determine if there is any indication of impairment. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Corporation will continue exploration on the project.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Corporation does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

If a mineral property is abandoned, or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values. The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

(h) Decommissioning and restoration provision

The Corporation recognizes a provision for decommissioning and restoration costs associated with long-lived assets which includes the abandonment of exploration and evaluation assets and costs required to return the properties to their original condition.

The Corporation recognizes the fair value of the provision in the period in which the obligation is identified and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon or reclaim the asset at the Corporation's risk-free interest rate. The provision is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of loss. The provision is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows. The increase in the carrying value of the asset is amortized on the same basis as the exploration and evaluation assets.

(i) Investment in associates

Investment in associates over which the Corporation exercises significant influence are accounted for using the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the Corporation's share of change in net assets of the investee post-acquisition, while including its share of the investee's profit or loss in the Corporation's profit or loss and the investee's other comprehensive loss is included in the Corporation's other comprehensive loss. At each reporting date, the Corporation determines if there is objective evidence of impairment as a result of one or more loss events and where that exists, the Corporation will record an amount of impairment charge in its profit or loss for the period in the statements of earnings (loss).

Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as an impairment reversal for the period in the statements of earnings (loss).

(j) Provision

In general, provisions are recognized when the Corporation has a present obligation (legal or constructive) as the result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability. The expense relating to any provision is presented in general and administrative expenses, depending on the nature of the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as financing expense. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

(k) Share-based payments

The Corporation's Share Compensation Plan includes stock options ("Options") and restricted share units ("RSUs"). Each RSU represents a unit with the underlying value equal to the value of one common share of the Corporation, vests over a specified period of service in accordance with the plan and can be equity or cash settled at the discretion of the Corporation. Options and RSUs are granted to employees, directors and non-employees and are accounted for using the fair value method.

The compensation cost for Options granted is determined based on the estimated fair value of the Options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to the contributed surplus account. When Options are exercised, the contributed surplus and the proceeds received by the Corporation are credited to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RSUs are valued at the share price prevailing at the time of grant and are amortized as an expense in the consolidated statements of earnings (loss) over the vesting period. Where it is determined that they are considered equity-settled transactions, they are recorded as an increase to the contributed surplus in the consolidated statements of changes in shareholders' equity over the period in which the service conditions are fulfilled. Where the history of RSU settlement indicates that they are cash-settled transactions, they will be recorded as a liability and remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value being recognized as expenses in the consolidated statements of earnings (loss). In cases where RSUs previously considered as equity-settled transactions are subsequently determined to be cash-settled based on change in settlement history, the Corporation recognized the amount owed as a liability.

(l) Share purchase warrants

Warrants issued in exchange for goods or services are usually accounted for in accordance with IFRS 2 Share-based Payment: when determined to be an equity-settled award, will be measured at the fair value of the goods or services received, unless the fair value of the services cannot reliably be measured whereby the fair value of the equity instruments granted will be used, and when determined to be a cash-based award, will be measured at the fair value as a liability.

Where warrants issued without services provided, as in the issue of shares and warrants together as a unit to lenders or investors, are usually accounted for under IAS 32 when a fixed amount of cash or liability, denominated in the issuer's functional currency, is exchanged for a fixed number of shares, or IFRS 9 Financial Instruments and classified as a derivative financial liability that is measured at fair value, with changes in value recorded in profit or loss, or as an equity instrument. Where the warrants are denominated in a currency which is different to that of the functional currency, it Is measured at fair value as a financial liability and remeasured at the end of each reporting period with the change in value being recorded in profit or loss.

Where there is a sale of units comprising common shares and share purchase warrants, and where there exists a transaction price for the warrant, that transaction price is used as the fair value of the share purchase warrants and the value of the common shares are measured under the residual method to be the difference between the unit and the value of the share purchase warrants.

(m) Leases

The Corporation assesses whether a contract entered into by the Corporation contains a lease. If it constitutes a lease, and the lease is of low value or its term is of twelve months or less, the Corporation will claim exemption under IFRS 16 and the payments are charged as expense on a straight-line basis over the period of the lease. For all other leases, the Corporation recognizes a right-of-use asset ("ROU Asset") and a lease liability on the consolidated statement of financial position. The ROU asset is initially measured based on the present value of the lease payments, discounted using the implicit interest rate in the lease. Where such rate is not easily determined, the incremental borrowing rate is used instead. The ROU Assets are subsequently measured at cost less accumulated amortization and any impairment costs. The lease liability is initially measured at the present value of lease payments not yet paid at the commencement date. ROU Assets are included in property plant and equipment and are depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequent to initial measurement, a lessee shall remeasure the lease liability to reflect changes to the lease payments. The liability is remeasured to reflect any reassessment or modification. Where the lease liability is remeasured, the corresponding adjustment is reflected in the consolidated statement of earnings or loss if the ROU Asset is already reduced to zero and where there is further reduction in the measurement of the lease liability, a lessee shall recognize any remaining amounts of the remeasurement in profit and loss.

(n) Income taxes

The Corporation follows the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be realized.

(o) Deferred revenue

When a cash prepayment is received from customers prior to a sale meeting the criteria of revenue recognition, deferred revenue is recognized as contract liabilities on the statements of financial position. Revenue will be subsequently recognized in the consolidated statements of earnings (loss) when production starts and the actual sale occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the Corporation determines at the beginning of a precious metals streaming contract that the obligations under it will be satisfied through the delivery of its own production of non-financial items (i.e. gold and silver credits) instead of cash or other financial assets, the Corporation will account for any upfront cash deposit as deposit liability to be reclassified to deferred revenue on completion of the mine.

The consideration received from deliveries of the gold and silver credits is variable, subject to changes in the total estimated production as well as the prices of the gold and silver credits at the time of delivery. Changes to the variable consideration are accounted for in revenue in the consolidated statements of earnings (loss).

The deferred revenue contains a significant financing component as the upfront cash deposit is received in advance of the delivery of the concentrate and a financing charge on the deferred revenue is recognized. The interest rate used is based on the implicit rate for the streaming contract on the date of inception, based on the discount rate and the reserve and resources assumed. The financing component attributable to the qualifying asset is capitalized and included as its carrying amounts until the asset is ready for their intended use, in accordance with the Corporation's accounting policy for borrowing costs.

(p) Borrowing costs

Borrowing costs consist of interest and other costs that the Corporation incurred with borrowing funds. In accordance with IAS 23 – Borrowing costs ("IAS 23"), where the borrowing costs are directly attributable to the acquisition and the construction of a qualifying asset, they are added to the cost of the asset until the asset is ready for its intended use. Where the funds are specifically borrowed to finance a project, the amount capitalized represents the actual borrowing costs incurred. All other borrowing costs are recognized in the consolidated statement of earnings (loss) in which they are incurred.

(q) Earnings (loss) per share

Basic net earnings (loss) per share is calculated using the weighted average number of common shares outstanding for the respective periods. Diluted earnings (loss) per share is calculated using the treasury stock method, whereby it is assumed that proceeds received on the exercise of in-the-money stock options and warrants are used to repurchase the Corporation's shares at the average market price during the period to the extent that their inclusion is not anti-dilutive.

(r) Segment reporting

The Corporation operates in the mineral exploration and development sector and has only one reportable segment. It has three geographic locations of operations, which are Ecuador, Ireland and Canada. The head office in Canada provides support to Ecuador in terms of corporate administration, treasury, finance and regulatory, technical support and project management. The Irish projects, which are not material, as well as other equity investments, are also managed out of the Canadian head office. The Chief Executive Officer is the chief operating decision maker ("CODM") and is responsible for assessing the performance of the Corporation's operations and making resource allocation decisions.

(s) Financial instruments

The Corporation determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the purpose for which the financial instruments were acquired, and their contractual characteristics and/or management's intent. Transaction costs with respect to instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method. Transaction costs with respect to instruments classified as fair value through profit or loss are recognized immediately in profit or loss.

The financial assets are classified according to the following measurement categories:

- Financial assets at amortized cost that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost;
- Financial assets at fair value through other comprehensive loss ("FVOCI") that are held both for collecting contractual cash flows and future potential sale, where those cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive loss; and
- Financial asset at fair value through profit or loss ("FVTPL") that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Corporation classified the options to acquire shares of an entity, which directly or indirectly holds an underlying mineral property interest, as FVTPL. The option derivative is measured at fair value at each reporting period.

Impairment of financial assets, such as the Corporation's other receivables and the advances made on options to acquire mineral interests, are determined using a single impairment model that requires the Corporation to recognize lifetime expected credit losses without requiring a triggering event to occur.

Financial assets are derecognized when the contractual rights to the cash flows from the assets have expired or been transferred or the Corporation no longer retains substantially all the risks and rewards of ownership. Where the financial asset is an option in an entity, on exercise of the option, determination will be made as to whether the acquisition of the underlying securities is a business acquisition or acquisition of assets.

The financial liabilities are classified according to the following measurement categories:

- Financial liabilities at FVTPL that are held for trading or designated by the Corporation as FVTPL are measured at fair value with changes in fair value recognized in the consolidated statement of loss.
- Financial liabilities at amortized cost that do not meet the criteria for FVTPL are measured at amortized cost using the effective interest rate method. Other-financial-liabilities are initially recorded at fair value including direct and incremental transaction costs and are subsequently measured at amortized cost using the effective interest method.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

Amendment to IAS 1 – Presentation of Financial Statements: In January 2020, the IASB issued an amendment that affects the presentation of liabilities in the statement of financial position, clarifying that one of the requirements for the classification of a liability as non-current under the standard is the right of the entity to defer settlement of the liability for at least 12 months after the reporting period and that such right should exist at the end of the reporting period. This amendment is effective for annual periods beginning on or after January 1, 2024, with earlier application allowed. The Corporation is evaluating the amendment and does not expect any material impact to the financial statements upon adoption in the future.

Amendment to IAS 12 – Income Taxes: In May 2021 the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The Corporation is evaluating the amendment and does not expect any material impact to the financial statements upon adoption in the future.

5. CRITICAL ACCOUNTING ESTIMATES

In preparing these consolidated financial statements in conformity with IFRS, the Corporation has to exercise significant judgement and make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of events that are believed to be reasonable under the circumstances.

5. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

(a) Significant judgements

In preparing these consolidated financial statements, the significant judgements made by management in applying the Corporation's accounting policies and the basis of consolidation include but are not limited to the following:

Determination of fair value measurements: The Corporation's options to acquire shares of entities which directly or indirectly holds an underlying mineral property interest are financial instruments which are measured at fair value through profit or loss. Each option derivative is measured at fair value at each reporting period. Measurement of the fair value requires management's use of estimates and assumptions which includes among other things commodity prices, foreign exchange, country and liquidity risks, discount rates, mine plan, capital and operating expenditures, forecast of future cash flow, impact of climate changes, and stability of tax laws.

Economic recoverability and probability of future economic benefits of exploration and evaluation costs: the Corporation has determined that exploration drilling, evaluation, development and related costs incurred which have been capitalized as well as expenditures incurred on the options to acquire mineral interests are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgical information, scoping and feasibility studies, accessible facilities, and existing permits.

Impairment of Exploration and Evaluation Assets and Property, Plant and Equipment: At the end of each reporting period, the Corporation assesses each cash generating unit to determine whether any indication of impairment exists. Indicators of impairment include (a) the period covered by the right to explore in specific area, expiry and intent (b) the occurrence and commitment to substantive expenditures in the specific area, (c) any changes in the status of commercially viable quantities of mineral resources (d) prolonged market capitalization deficiency and any other indicators that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions such as general and specific assessments of mineral reserves, long-term commodity prices, discount rates, future capital requirements, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and exploration potential. Fair value of exploration and evaluation properties is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Consolidation of Salazar Holdings: The determination of when control is acquired in the acquisition of Salazar Holdings relies on judgement as to the timing of when it has the ability to use its power to affect the amount of its returns, the identification of relevant activities, the consideration of how decisions regarding the relevant activities are made and whether the investor's rights provide it with the current ability to direct the relevant activities.

(b) Critical estimates

In preparing these consolidated financial statements, the key sources of estimation uncertainly include but are not limited to the following:

Income taxes: The Corporation has available unused operating losses. The recognition or not of deferred tax assets requires judgement in determining if it is more likely than not that sufficient taxable profits will be available in the future against which the reversal of temporary difference can be deducted.

Share based compensation: The fair value of certain share-based compensation units require judgement in the determination of fair value using assumptions on expected volatility, expected lives and other factors that could affect the value reported as an expense and as an obligation.

Fair value of financial assets: The fair value of financial assets require judgement based on assumptions of discount rates, commodity pricing, foreign exchange rates, production rates, mine plan and timing of cash flows.

(Tabular amounts in thousands of United States dollars, except per share amounts)

6. ACQUISITIONS AND OPTIONS TO EARN-IN

Investment in Salazar Holdings

In 2017, the Corporation entered into the Option Agreement with Salazar Resources, pursuant to which the Corporation was to have the option ("Curipamba option") to acquire 75% of the interest in Salazar Holdings, the entity which holds Curimining, which owns the Curipamba concessions, by spending $25,000,000 and completing a feasibility study report.

By December 31, 2021, the Corporation has already incurred $47,127,000 of its expenditure commitment, well over the required $25,000,000. On December 10, 2021, the Corporation filed the feasibility study report titled "NI 43-101 Technical Report Feasibility Study – Curipamba El Domo Report" ("Feasibility Study"). The Corporation, having completed its obligations under the Option Agreement, delivered written notice of its exercise ("Option Exercise Notice") to Salazar Resources on December 10, 2021, and as Salazar Resources did not object to the Option Exercise Notice, it became final and the option exercise date ("Option Exercise Date") was the date of delivery of the Option Exercise Notice.

Pursuant to the Option Agreement, as of the Option Exercise Date,

(a) the aggregate amount of advances from Adventus for the project shall be capitalized in Salazar Holdings. Adventus shall be granted 75 Class A common shares representing 75% of the total issued and outstanding Class A common shares, and 95 Class B preferred shares, representing 100% of the total issued and outstanding Class B preferred shares; and

(b) the Corporation, Salazar Resources, Salazar Holdings and Curimining shall enter into a shareholders' agreement ("Shareholders' Agreement") and reconstitute the board of directors of Curimining ("Curimining Board") with two Adventus nominees and one Salazar nominee.

On December 31, 2021, Salazar Resources indicated that it is prepared to enter into the Shareholders' Agreement with the Corporation and to issue to the Corporation the necessary shares in Salazar Holdings to bring the Corporation to a 75% ownership of Salazar Holdings and control was determined to have passed on that date. These were filed with the British Columbia Registry Services on January 4, 2022.

The Corporation elected to apply the concentration test and determined the acquisition represented an asset acquisition. It assessed that the fair value of the assets being purchased upon exercise of the Option are concentrated in the overall mineral properties being acquired. The Corporation concluded that Salazar Holdings did not constitute as a business as defined under *IFRS 3 Business Combinations* and the acquisition is therefore accounted for as an asset acquisition. The Corporation has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values as follows:

		Amounts
Fair value of Salazar Holdings	$	77,580
Cash and cash equivalents	$	44
Receivables and other assets		116
Curipamba mineral property including land and equipment		78,643
Accounts payable and accrued liabilities		(1,223)
	$	77,580

Pursuant to the Option Agreement and the Shareholders' Agreement, the Corporation has priority repayment of its investment in Curipamba according to an agreed distribution formula between the common shareholders and preferred shareholders. Based on this formula, the percentage of non-controlling interest of the net assets on the date of acquisition was 15.33% or an amount of $11,895,000. In subsequent periods, the percentage share of non-controlling interest will change as a function of advances made by the Corporation and the earnings or loss recorded by Salazar Holdings and its subsidiaries over the period. After the Corporation has received priority repayment of its investment, the non-controlling interest will revert to 25%. As at December 31, 2022, based on the same formula and on the net assets as at December 31, 2022, the percentage of non-controlling interest of the net assets was 13.57% or an amount of $12,891,000.

7. INVESTMENT IN ASSOCIATE

The Corporation had owned shares in Canstar Resources Inc. ("Canstar") since 2018 and had significant influence over Canstar at that time, accounting for its investment in Canstar using the equity method. As at June 30, 2021, the Corporation determined the recoverable value of its investment in Canstar and recorded a $1,253,000 impairment reversal resulting in a carrying amount of $2,276,000. The recoverable amount of the Corporation's investment in Canstar was based on the fair value less costs of disposal. On July 8, 2021, the Corporation agreed to sell all its shares in Canstar at C$0.375 per share. The sale was completed in two tranches, on July 15, 2021 and August 13, 2021 respectively with gross proceeds of approximately $5,182,000 (C$6,501,000) and resulted in a gain of $2,985,000 after accounting for currency translation adjustment previously recorded as other comprehensive earnings as well as legal fees incurred for the transaction.

The following shows the income and expenses for the equity investment in associate for the years ended December 31, 2022 and 2021:

(Expressed in thousands of United States dollars)	2022		2021
Impairment reversal on investment in associate	-	$	1,253
Gain on dilution of investment in associate	-		18
Share of loss in associate	-		(118)
Gain on disposal of investment in associate			2,985
	-	$	4,138

A reconciliation of the prior year expenses reflecting the change in presentation is as follows:

	For the year ended December 31, 2021					
(Expressed in thousands of United States dollars)		Prior year presentations		Reclassification		Revised presentation
Impairment reversal on investment in associate	$	(1,253)	$	1,253	$	-
Gain on dilution of investment in associate		(18)		18		-
Share of loss in associate		118		(118)		-
Gain on disposal of investment in associate		(2,985)		2,985		-
Gain on equity investment in associate		-		(4,138)		(4,138)
	$	(4,138)	$	-	$	(4,138)

8. DEPOSIT LIABILITY

The PMPA with Wheaton provides the Corporation with access to an upfront cash consideration of $175,500,000 and a $5,000,000 equity commitment. Of this, $13,000,000 was made available as an early deposit for pre-construction activities, and $500,000 for local community development initiatives prior to production. The remainder will be available in four instalments during construction, subject to certain customary conditions precedent being satisfied. Under the PMPA, Wheaton will purchase 50% of the payable gold production until 145,000 ounces have been delivered, thereafter dropping to 33% for the life of mine; and 75% of the payable silver production until 4,600,000 ounces have been delivered, thereafter dropping to 50% for the life of mine. Wheaton will make ongoing payments for the gold and silver ounces delivered equal to 18% of the spot prices ("Production Payment") until the value of gold and silver delivered less the Production Payment is equal to the upfront consideration of $175,500,000, at which point the Production Payment will increase to 22% of the spot prices. The Corporation and its subsidiaries have provided securities and guarantees in favour of Wheaton in respect of their obligations under the PMPA., such securities and guarantees ranking pari passu with Trafigura.

The PMPA transaction is fully committed, and in December 2022, an amount of $13,000,000 (2021: $NIL) was drawn down as Early Deposit and is recorded as deferred revenue on the consolidated statements of financial position.

(Tabular amounts in thousands of United States dollars, except per share amounts)

9. TRAFIGURA AGREEMENTS

The Trafigura Agreements closed on July 31, 2022 and the credit agreement with Trafigura (the "Credit Agreement") provided the Corporation with a credit facility of $45,000,000 and a $10,000,000 equity commitment. $5,000,000 of the facility can be paid on an early deposit basis for pre-construction activities and the remainder in two instalments during construction, subject to certain customary conditions precedent being satisfied. The facility has a 5-year term with an 8% interest margin and a credit adjustment spread of 0.1%, subject to a 0.5% Secured Overnight Financing Rate ("SOFR") floor. It includes an offtake agreement which provides certain concentrate offtake rights to Trafigura for future production over the life of mine, based on terms in the Feasibility Study. The Credit Agreement is subject to completion of executed inter-creditor agreements. Pursuant to the Credit Agreement, the Corporation and its subsidiaries have provided securities and guarantees in favour of Trafigura in respect of their obligations under the Credit Agreement, such securities and guarantees ranking pari passu with Wheaton. As at December 31, 2022, the Corporation has not drawn on the Credit Agreement. Upon closing, 13,500,000 common share purchase warrants ("Lender's Warrants") were issued to Trafigura, priced at C$0.513 per common share, on the basis of 25% premium to the 10-day volume weighted average price ("VWAP") at the closing date subject to approval of the TSX Venture Exchange. The Lender's Warrants have a 3-year term, subject to accelerator provisions based on Adventus' share price. If exercised, the Lender's Warrants will bring approximately C$6,926,000 into the Corporation's treasury. In addition, Trafigura has agreed to invest US$10,000,000 in equity of the Corporation not to exceed 19.99% ownership on a partially diluted basis. Such investment is at the option of the Corporation for a period of thirty months after the closing date and is subject to certain conditions precedent as those for the construction instalments under the Credit Agreement.

10. PROPERTY PLANT AND EQUIPMENT

As at December 31, 2022, the Corporation has the following property plant and equipment:

Cost	Office furniture and equipment	Camp Vehicles and Equipment	Leasehold Improvement	Land	Total
Balance, January 1, 2021	$ 99	$ 320	$ 46	$ -	$ 465
Additions	9	6	-	-	15
Acquisition of Salazar Holdings	73	393	-	5,623	6,089
Balance, December 31, 2021	$ 181	$ 719	$ 46	$ 5,623	$ 6,569
Additions	80	49	-	1,410	1,539
Write-Offs	(19)	-	-	-	(19)
Balance, December 31, 2022	$ 242	$ 768	$ 46	$ 7,083	$ 8,089

Accumulated depreciation	Office furniture and equipment	Camp Vehicles and Equipment	Leasehold Improvement	Land	Total
Balance, January 1, 2021	$ 51	$ 55	$ 22	$ -	$ 128
Additions	17	46	24	-	87
Balance, December 31, 2021	$ 68	$ 101	$ 46	$ -	$ 215
Additions	64	172	-	-	236
Write-Offs	(19)	-	-	-	(19)
Balance, December 31, 2022	$ 113	$ 273	$ 46	$ -	$ 432

Carrying value	Office furniture and equipment	Camp Vehicles and Equipment	Leasehold Improvement	Land	Total
Balance, December 31, 2021	$ 113	$ 618	$ -	$ 5,623	$ 6,354
Balance, December 31, 2022	$ 129	$ 495	$ -	$ 7,033	$ 7,657

(Tabular amounts in thousands of United States dollars, except per share amounts)

10. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

$5,623,000 of land and $466,000 of the remainder of the property plant and equipment were added in 2021 as a result of the acquisition of Salazar Holdings. Depreciation for the year ended December 31, 2022 included $209,000 (2021: $56,000) which is capitalized to the various projects and $27,000 (2021: $31,000) are expensed during the year. Property, plant and equipment as of December 31, 2022 includes ROU Assets with a net book value of $40,000 (2021: $NIL). See Note 14.

11. EXPLORATION AND EVALUATION ASSETS AND OPTION TO ACQUIRE MINERAL INTEREST

The Corporation has the following exploration and evaluation assets and options to acquire mineral interest:

Project	As at Dec 31, 2021	Additions	Effect of foreign currency exchange movements	Abandoned or Impaired	As at December 31, 2022
Ireland					
Rathkeale Limerick	$ 1,472	$ -	$ (88)	$ -	$ 1,384
Kingscourt	115	-	(13)	(102)	-
Fermoy	22	-	(1)	-	21
Ecuador					
Curipamba	72,554	21,853	-	-	94,407
Pijilí	10,394	722	-	-	11,116
Santiago	3,992	1,530	-	-	5,522
Total mineral properties	$ 88,549	$ 24,106	$ (102)	(102)	$ 112,450

Project	As at Jan 1, 2021	Additions	Effect of foreign currency exchange movements	Fair value changes	Option Exercise	As at Dec 31, 2021
Ireland						
Rathkeale Limerick	$ 1,590	$ -	$ (118)	$ -	$ -	$ 1,472
Kingscourt	123	-	(8)	-	-	115
Fermoy	25	-	(3)	-	-	22
Ecuador						
Curipamba	-	72,554	-	-	-	72,554
Pijilí	8,453	1,941	-	-	-	10,394
Santiago	2,675	1,317	-	-	-	3,992
Total mineral properties	$ 12,866	$ 75,812	$ (129)	$ -	$ -	88,549
Curipamba	$ 28,844	$ 18,283	$ -	$ 18,559	$ (65,686)	$ -
Option to acquire mineral interests	$ 28,844	$ 18,283	$ -	$ 18,559	$ (65,686)	$ -

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation may sell some or a portion of its exploration and evaluation assets to third parties in exchange for exploration expenditures, royalty interests, cash, and share-based payments.

During the year ended December 31, 2022, the Corporation incurred $24,106,000 (2021: $9,584,000) in exploration and evaluation assets. In the same period in 2021, it incurred $18,283,000 in the option to earn into Salazar Holdings, the entity that holds the Curipamba mining interest. Throughout the earn-in period, as the fair value of the option could not reasonably be measured, cost was used as the proxy to fair value. On the release of the Feasibility Study, indicating the existence of reserves and resources, the fair value of the mineral property could be more reliably estimated, and a valuation was made using an independent valuator. This resulted in a fair value increase of NIL (2021: $18,559,000) in the value of the option. The value of the option lies primarily in the value of the mineral property and on exercising the option to acquire Salazar Holdings, an amount of $72,554,000 was recorded as fair value of the Curipamba projects added during the year ended December 31, 2021.

(Tabular amounts in thousands of United States dollars, except per share amounts)

11. EXPLORATION AND EVALUATION ASSETS AND OPTION TO ACQUIRE MINERAL INTEREST (CONTINUED)

During the year ended December 31, 2022, the Corporation incurred $722,000 and $1,530,000 (2021: $1,941,000 and $1,317,000) respectively into Pijilí and Santiago. In 2022, it became known to the Corporation that a third party is in dispute with the Ministry of Energy and Mines on the title of two of the five concessions. Management believes this is without merit and is confident that this will be resolved in due course.

On January 13, 2020, the Corporation entered into the South32 Agreement to advance the Rathkeale, Kingscourt and Fermoy projects (the "Irish Projects") in the Limerick Basin in the Republic of Ireland. The Irish Projects are owned by Adventus Ireland. The South32 Agreement grants South32 Ireland the right to acquire a 70% interest in the Irish Projects by funding €3,500,000 in exploration on the Irish Projects over a four-year period. Adventus Ireland will operate the exploration activities during the earn-in period. As South32 has indicated that it has no plans to continue with explorations in the Kingscourt properties, the Corporation has decided to let the licences lapse when they come up for renewal, and to write off the properties with a charge of $102,000 in the three months ended September 30, 2022.

As of December 31, 2022, the Corporation has included in its accounts payable and accrued liabilities an amount of $4,300,000 attributable to mineral expenditures in Ecuador (2021: 1,015,000) and $228,000 (2021: $774,000) attributable to South 32.

12. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables include interest receivable, sales tax recoverable from government, deposits with suppliers and other prepaid expenses.

		December 31, 2022		December 31, 2021
Sales tax receivables	$	310	$	179
Interest and other receivables		27		6
Deposits with suppliers		674		35
Other prepaid expenses		241		141
Total other receivables and prepaid expenses	$	1,252	$	361

13. OTHER ASSETS

Other assets include deferred financing costs and an investment in marketable securities.

		December 31, 2022		December 31, 2021
Transaction costs for arranging Trafigura credit facilities	$	1,022	$	-
Trafigura warrants		1,172		-
Investment in marketable securities		59		-
Total other assets - non-current	$	2,253	$	-

Pursuant to the Trafigura Agreements, the Corporation is obliged to reimburse Trafigura for certain disbursements in drawing up the Trafigura Agreements, as well as an arrangement fee ("Agreement Fee") of $900,000 calculated as 2% of the total commitments, such Agreement Fee to be paid in kind by adding the amount to the principal amount of the advance. The Corporation considers these to be transaction costs incurred to access the capital over the contractual term and therefore accounts for these costs as a deferred asset since the facility is set up to support the eventual development and construction of the project. As there is no evidence that it is probable that some or all of the facility will be drawn down, these are amortized over the facility period of five years on a straight-line basis.

In addition, an availability fee ("Availability Fee") calculated at the rate of 2% per annum on the aggregate amount of the commitments which have not been advanced at any time during the period was to be paid quarterly, in arrears. These are not fees incurred for future economic benefit and are expensed as finance costs. During the year ended December 31, 2022, $377,000 finance costs (2021: $NIL) were recorded.

(Tabular amounts in thousands of United States dollars, except per share amounts)

13. OTHER ASSETS (CONTINUED)

Upon closing, 13,500,000 common share purchase warrants ("Lender's Warrants") were issued to Trafigura, priced at C$0.513 per common share, on the basis of 25% premium to the 10-day VWAP at the closing date. The Lender's Warrants have a 3-year term, subject to accelerator provisions based on Adventus' share price. If exercised, the Lender's Warrants are expected to bring potentially approximately C$6,926,000 into the Corporation's treasury. The Lender's Warrants are issued to secure the credit facilities and are considered to be deferred assets amortized over the life of the Lender's Warrants on a straight-line basis. They are accounted for as equity instruments. As a result of the accelerator provisions embedded in the Lender's Warrants, they are valued using a Monte Carlo simulation to estimate the fair value of the Lender's Warrants at issuance. As the Lender's Warrants were issued as consideration to secure financing, it is treated in the same manner as transaction costs.

The Corporation owns common shares in Felix Gold Limited ("Felix Gold"), a company trading on the Australian Securities Exchange ("ASX") under the ticker symbol ASX:FXG. The Corporation accounts for its investment in Felix Gold as a financial asset at fair value through profit or loss. The investment will be remeasured at fair value on subsequent reporting date and the change recorded through profit or loss. The carrying value of other investments, as measured at fair value on December 31, 2022, was $59,000 **(**2021: $NIL) and a fair value gain on other investments of the same amount was recorded for the year ended December 31, 2022 (2021: $NIL).

14. LEASES

		2022
Right-of-Use assets		
Balance, January 1	$	-
Additions		49
Depreciation		(9)
Balance, December 31	$	40

		December 31, 2022		December 31, 2021
Current liability				
Lease liability	$	15	$	-
Total current liability	$	15	$	-
Non-current liability	$		$	-
Lease liability		26		-
Total non-current liability	$	26	$	-

		2022
Lease liability		
Balance, January 1	$	-
Additions		49
Interest expense		(4)
Lease payments		(4)
Balance December 31	$	41

Undiscounted lease payments associated with the Corporation's lease liabilities as of December 31, 2022, are summarized below:

		Less than 1 year		1-3 years
Total lease liability	$	20	$	29

(Tabular amounts in thousands of United States dollars, except per share amounts)

15. OTHER LIABILITIES

Other liabilities included Restricted Share Units ("RSUs") and warrant liabilities accounted for as a financial liability.

	Note		December 31, 2022		December 31, 2021
Restricted Share Unit ("RSU") liability	17(d)	$	245	$	-
Warrants from January 2022 Offering	17(b)		5		
Trafigura Arrangement Fee	13		900		-
Total other liabilities		$	1,150	$	-
Current		$	5	$	-
Non-current			1,145		-
Total other liabilities		$	1,150	$	-

RSUs which are considered cash-settled are accounted for as a financial liability.

16. INCOME TAXES

The reconciliation of the effective tax expense (recovery) to the tax expense (recovery) computed using the combined Canadian federal and provincial statutory rate of 26.5% is as follows:

		2022		2021
(Loss) income before income taxes	$	(5,360)	$	19,110
Income tax expense (recovery) computed at the Canadian statutory rate		(1,420)		5,064
Different statutory tax rate applicable to foreign subsidiaries		27		(194)
Net permanent difference		283		(5,402)
Net movement in unrecognized temporary differences		1,255		243
Effect of exchange rate gain/(loss) on unrecognized temporary differences		(145)		289
Income tax (recovery) expense	$	-	$	-

As of December 31, 2022, the Corporation has non-capital losses and gross net deductible temporary differences of $24,162,000 (2021: $19,675,000) for which no deferred tax has been recognized, as the realization of the benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax asset has been recognized for accounting purposes. The following table summarizes the Corporation's non-capital losses and unrecognized net deductible temporary differences:

Item	Country		Amount	Expiry Date
Non-capital losses	Canada	$	18,459	2036 – 2042
Non-capital losses	Ireland		647	No expiry
Non-capital losses	Ecuador		1,411	2026 – 2027
Net temporary differences	Canada		3,416	No expiry
Net temporary differences	Ecuador		229	No expiry
Income tax expense (recovery)		$	24,162	

(Tabular amounts in thousands of United States dollars, except per share amounts)

17. SHAREHOLDERS' EQUITY

The Corporation is authorized to issue an unlimited number of common shares at no par value. The directors are authorized to fix the number of shares and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares.

(a) Common Shares

The following shows the Corporation's issued and outstanding common shares and the prices at which the shares are issued.

	Number of Common Shares		Weighted Average Share Price
Balance as at January 1, 2021	131,091,382		
Share options exercised	500,000	C$	0.33
Equity-settled RSUs	200,000	C$	0.94
Balance as at December 31, 2021	131,791,382		
Shares issued under prospectus offering	34,569,500	C$	0.92
Balance as at December 31, 2022	166,360,882		

On January 26, 2022, the Corporation closed the January 2022 Offering for 34,569,500 Units at a price of C$0.97 per Unit, each Unit consisting of one Common Share of the Corporation and one-half Warrant. Each Warrant is exercisable for one Common Share in the Corporation at C$1.20 up to July 26, 2023. In addition, a total of 500,000 Warrants at a price of C$0.10 per Warrant were also issued as part of the January 2022 Offering, these closing in two tranches on January 26, 2022 and February 2, 2022. Total aggregate gross proceeds for the January 2022 Offering were approximately $26,641,000 (C$33,582,000) of which $25,229,000 is attributable to the Common Share and $1,412,000 to the Warrants. The Underwriters received a cash commission equal to 6% of the gross proceeds from the sale of the Units pursuant to the January 2022 Offering, which commission was reduced to 3% in respect of certain president's list purchasers. Each Common Share is valued at C$0.92, being the difference between the price of a Unit (C$0.97) and the price of a half Warrant (C$0.05). An amount of $1,754,000 has been recorded as share issuance costs against the carrying value of the Common Shares. Proceeds of the January 2022 Offering net of issuance costs is $23,475,000.

In November, the Corporation entered into a mining contract with STRACON-RIPCONCIV, a joint venture between Stracon S.A. ("Stracon") and RIPCONCIV Construcciones Civiles CIA Ltda. ("RIPCONCIV"). The contract, which is structured in an alliance-partnership model and is for a duration of 48 months, expected to include the construction period as well as the first two years of operations, and can be extended upon mutual agreement. It includes scope consisting of open pit pre-strip and mining, as well as construction of the tailings facility, waste rock facilities and associated mine infrastructure. At the same time, both Stracon and Ripconciv have signed definitive binding agreements to invest in the Corporation, with each contributing $2.5 million for an aggregate $5 million subject to each holding, after each issuance, less than 10% of Adventus' issued and outstanding common shares. This issuance of common shares is structured such that $2.5 million will be through a private placement calculated at the 10-day VWAP preceding the construction decision approval by Adventus' board, and the other $2.5 million will be issued in tranches once specific invoicing thresholds for the noted services have been achieved based on the 10-day VWAPs prior to issuance, and will be based on a percentage of the invoices that will be settled in common shares in lieu of cash.

In 2022, no common shares were issued in respect of the exercise of stock options (2021: 500,000) (See Note 17(c).) nor in respect of the settlement of RSUs (2021: 200,000). See Note 17(d).

(b) Warrant and Lender's Warrants

(i) As part of the January 2022 Offering, 17,784,750 Warrants were issued, 17,284,750 as part of the Units being issued, and 500,000 being Warrants issued at C$0.10 per Warrant. As the Warrants are denominated in a currency (C$) that is different from the functional currency (US$) of the Corporation, they represent derivative financial liabilities, which are recognized at fair value on inception and remeasured at the end of each reporting period with changes in value being recorded in profit or loss.

The fair value of the Warrants on date of issue was $1,412,000 based on the issue price of C$0.10 per Warrant. On December 31, 2022, the fair value of the Warrants was determined to be $5,000 using the Black-Scholes option pricing model with level 2 fair value inputs that included a risk-free interest rate of 4.07%, a share price of C$0.54, and an implied volatility of 41%, as there was a 10% adjustment from the 58% volatility rate due to the fact that when issued, the value attributed to the warrant based on the actual price of the warrant and the calculated valuation was adjusted over the life of the facilities, and a dividend yield of 0%.

(Tabular amounts in thousands of United States dollars, except per share amounts)

17. SHAREHOLDERS' EQUITY (CONTINUED)

A $1,407,000 fair value gain on derivative liabilities was recorded in the statement of loss during the year ended December 31, 2022.

(ii) The Lender's Warrants issued to Trafigura as part of the OFA in return for the arrangement of the credit facility and are accounted for as equity instruments. These warrants contained acceleration provisions and are valued using Monte Carlos simulation.

The fair value of the Lender's Warrants on the date of issue was $1,363,000 based on Monte Carlos simulation, with fair value inputs that included a risk-free interest rate of 2.75%, a share price of C$0.425, an expected share price weighted average volatility of 61.59% and a dividend yield of 0%.

The following table summarizes the Corporation's Warrants as of December 31, 2022 and changes during the period:

	Warrants		Amount
Balance as at January 1, 2022	-	$	-
Fair value allocated in the Warrants	17,784,750		1,412
Fair value allocated to the Lender's Warrants	13,500,000		1,363
Change in fair value of derivative liabilities	-		(1,407)
Balance as at December 31, 2022	31,284,750	$	1,368
Warrant – Liability	17,784,750		5
Warrant – Equity	13,500,000		1,363
Total Warrants as at December 31, 2022	31,284,750	$	1,368

(c) Stock Options

The Corporation's Share Compensation Plan ("Plan") includes stock options ("Options") and restricted share units ("RSUs"). Directors, officers, employees and consultants of the Corporation and of its subsidiaries are eligible to receive Options. The aggregate number of shares to be issued upon the exercise of all Options granted under the plan shall not exceed 10% of the issued shares of the Corporation at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Corporation. Options granted under the plan generally have a term of five years but may not exceed five years and typically vest over a five-year period or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the stock exchange(s) on which the Corporation's common shares are then listed.

The following table summarizes the Corporation's stock option plan as of December 31, 2022 and changes during the periods then ended:

(Expressed in Canadian dollars, except per share amounts)	Number of Options		Weighted Average Exercise Price
Options outstanding, January 1, 2021	6,000,000	C$	0.90
Forfeited	(350,000)		0.97
Exercised	(500,000)		0.33
Options outstanding, December 31, 2021	5,150,000		0.95
Granted	4,875,000		0.84
Forfeited	(366,668)		0.99
Expired, unexercised	(2,199,999)		0.86
Balance as at December 31, 2022	7,458,333	C$	0.90

During the year ended December 31, 2022, the Corporation recorded share-based compensation expense of $994,000 (2021: $720,000) relating to stock options. 4,875,000 options were granted during the year ended December 31, 2022 (2021: NIL) and 366,668 were forfeited (2021: 350,000) while 2,199,999 options expired unexercised (2021: NIL).

(Tabular amounts in thousands of United States dollars, except per share amounts)

17. SHAREHOLDERS' EQUITY (CONTINUED)

The weighted-average fair value of stock options granted during the year ended December 31, 2022 was estimated on the dates of grant to be C$0.46 per option granted using the Black-Scholes option pricing model with the following assumptions:

	2022	2021
Expected life (years)	5.0	-
Risk-free interest rate (%)	1.61 – 3.41	-
Expected volatility (%)	63 - 83	-
Expected dividend yield (%)	-	-
Expected forfeitures (%)	-	-

Stock options outstanding and exercisable as at December 31, 2022 and 2021 are as follows:

Range of exercise prices ($/option)	Number, outstanding at December 31, 2022	Number, exercisable at December 31, 2022	Weighted Average Remaining contractual life (years)
$0.51 - $1.00	400,000	-	4.81
$0.51 - $1.00	5,791,667	1,400,001	3.47
$1.01 - $1.50	1,266,666	1,116,672	2.04
Balance as at December 31, 2022	7,458,333	2,516,673	3.30

Range of exercise prices ($/option)	Number, outstanding at December 31, 2021	Number, exercisable at December 31, 2021	Weighted Average Remaining contractual life (years)
$0.51 - $1.00	3,750,000	3,083,334	1.41
$1.01 - $1.50	1,400,000	733,346	3.08
Balance as at December 31, 2021	5,150,000	3,816,680	1.87

(d) RSUs

The following table summarizes the Corporation's RSUs as of December 31, 2022 and 2021, and changes during the periods then ended:

(Expressed in Canadian dollars, except per share amounts)	Number of RSUs		Weighted Average Value at Date of Grant
RSUs outstanding, January 1, 2021	1,077,500	C$	0.99
Settled	(655,000)		0.92
Forfeited	(25,000)		0.86
RSUs outstanding, December 31, 2021	397,500	C$	0.90
Granted	1,530,000		0.79
Forfeited	(195,000)		0.68
Settled	(347,500)		0.79
Balance as at December 31, 2022	1,385,000	C$	0.79

(Tabular amounts in thousands of United States dollars, except per share amounts)

17. SHAREHOLDERS' EQUITY (CONTINUED)

Under the Corporation's share compensation plan, RSUs are granted to employees, directors and non-employees as approved by the Corporation's Board of Directors. Each RSU represents a unit with the underlying value equal to the value of one common share of the Corporation, vests over a specified period of service in accordance with the plan and can be equity or cash settled at the discretion of the Corporation. RSUs granted to date vest over a period of two years. In February 2022, 122,500 RSUs were settled in cash at C$0.79 per share for an aggregate amount of $77,000 (2021: $330,000). These RSUs were originally recorded as equity settled instruments as there was no present obligation to settle in cash and no past practice of stated policies of settling in cash. As management has an option to settle in cash or equity and now has history of cash settlement since September 2021, the Corporation now recognize the amounts on cash basis as a liability.

In February 2022, 1,480,000 RSUs were granted. As the Corporation has a history of cash settlement, the fair value of the RSUs is recognized as other liability in the statement of financial position and as an expense in the consolidated statements of (loss) earnings. The liability is re-measured to fair value at each reporting date with changes in fair value recognized in the consolidated statement of (loss) earnings. To reflect the settlement history, the Corporation reclassified an amount of $91,000 previously recorded on equity basis from contributed surplus to other liabilities. In May 2022, an additional 50,000 RSUs were granted.
During the year ended December 31, 2022, 195,000 RSUs were forfeited (2021: $25,000) and the Corporation recorded share-based compensation expense of $4,000 (2021: $251,000) relating to RSUs before the change to cash-based settlement. During the year ended December 31, 2022, an amount of $232,000 (2021: NIL) relating to RSUs after the change was recorded in employee benefits expense.

(e) Net (loss) earnings per share

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods. The diluted net loss per share was calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options. For loss periods, the diluted net loss per share was calculated using weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options since their inclusion would be anti-dilutive.

Weighted average number of shares	2022	2021
Basic	163,993,108	131,183,711
Effect of dilutive common share equivalents	-	840,000
Diluted weighted average number of shares outstanding	163,993,108	132,023,711

18. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors and senior officers. Compensation for key management personnel and directors for the years ended December 31, 2022 and 2021 is as follows:

		2022		2021
Employee benefits	$	2,488	$	1,824
Share-based compensation		941		679
	$	3,429	$	2,503

For the year ended December 31, 2022, an amount of $672,000 (2021: $649,000) of employee benefits of key management personnel were charged to exploration and evaluation assets.

(Tabular amounts in thousands of United States dollars, except per share amounts)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Classification

The Corporation has classified its financial instruments as follows:

As at December 31, 2022	FVTPL	Amortized cost	Total
Financial Assets			
Cash and cash equivalents	$ -	$ 12,092	$ 12,092
Other receivables	-	337	337
Other assets	59	-	59
Total Financial Assets	$ 59	$ 12,429	$ 12,488
Financial Liabilities			
Accounts payable and accrued liabilities	-	5,527	5,527
Other liabilities	250	900	1,150
Total Financial Liabilities	$ 250	$ 6,427	$ 6,677

As at December 31, 2021	FVTPL	Amortized cost	Total
Financial Assets			
Cash and cash equivalents	$ -	$ 2,929	$ 2,929
Other receivables	-	185	185
Total Financial Assets	$ -	$ 3,114	$ 3,114
Financial Liabilities			
Accounts payable and accrued liabilities	-	2,515	2,515
Total Financial Liabilities	$ -	$ 2,515	$ 2,515

Fair value measurements and hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs.

The Corporation's financial assets as measured in accordance with the fair value hierarchy described above are:

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Other investments	59			59
Total Financial Assets	$ 59	$ -	$ -	$ 59
Financial Liabilities				
Other liabilities	$ 245	$ 5	$ -	$ 250
Total Financial Liabilities	$ 245	$ 5	$ -	$ 250

(Tabular amounts in thousands of United States dollars, except per share amounts)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure.

Credit Risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from receivables. The Corporation closely monitors its financial assets. All receivables are current and the allowance for doubtful account for the years ended December 31, 2022 and 2021 is $NIL and $NIL respectively. The Corporation's cash and cash equivalents are held in fully segregated accounts and include only Euro, Canadian and United States dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

Liquidity Risk

The Corporation believes that its ability to raise capital and improve net working capital position will enable it to meet current and future obligations at the current level of activity. This conclusion could change with a significant change in operations, the inability to obtain capital or financing from other developments.

Foreign currency risk

The Corporation is exposed to the financial risks related to the fluctuation of foreign exchange rates of the Canadian dollar relative to the United States dollar. As at December 31, 2022, the Corporation is exposed to currency risk through the following assets and liabilities denominated in the Canadian dollar:

		December 31, 2022		December 31, 2021
Cash and cash equivalents	$	1,332	$	1,415
Other receivables and prepaid expenses		125		69
Accounts payable and accrued liabilities		(660)		(802)
Other liabilities		(250)		-
Net asset exposure	$	547	$	682

The Corporation is exposed to the financial risks related to the fluctuation of foreign exchange rates of the Euro relative to the United States dollar. As at December 31, 2022, the Corporation is exposed to currency risk through the following assets and liabilities denominated in the Euro:

		December 31, 2022		December 31, 2021
Cash and cash equivalents	$	226	$	522
Other receivables and prepaid expenses		30		57
Accounts payable and accrued liabilities		(228)		(568)
Net asset exposure	$	28	$	11

20. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital is to maintain financial liquidity and flexibility to preserve its ability to meet financial obligations and to ensure that sufficient capital and access to capital for potential growth, to progress its Curipamba project and to pursue exploration opportunities. The Corporation continues to effectively manage its capital requirements through a combination of equity, debt and other forms of financing. The Corporation did not have any externally imposed restrictions as at December 31, 2022 other than those imposed by the PMPA and the Credit Agreement.

(Tabular amounts in thousands of United States dollars, except per share amounts)

21. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital

For the year ended December 31,		2022		2021
Changes in:				
Other receivables and prepaid expenses	$	(123)	$	545
Accounts payable and accrued liabilities		1,186		(34)
Total changes in non-cash working capital	$	1,063	$	511

22. SEGMENTED INFORMATION

The Corporation operates in one reportable segment, that of exploration and development of mineral properties. It has three geographic locations, namely, Ecuador, Ireland and Canada.

The geographic distribution of the Corporation's non-current assets as well as total assets are as follows:

Non-current assets		December 31, 2022		December 31, 2021
Ecuador	$	120,861	$	93,271
Ireland		1,404		1,609
Canada		95		22
	$	112,360	$	94,202

Total assets		December 31, 2022		December 31, 2021
Ecuador	$	131,647	$	93,502
Ireland		1,655		2,182
Canada		2,402		2,509
	$	135,704	$	98,193

23. COMMITMENTS AND OBLIGATIONS

As at December 31, 2022, the Corporation has the following obligations for mineral property exploration expenditures and other significant contractual obligations:

		Less than 1 year		1-3 years		Total
Exploration expenditure commitments	$	2,418	$	322	$	2,740
Purchase and other commitments		302		-		302
Advance Payments to Salazar Resources		250		-		250
Balance as at December 31, 2022	$	2,970	$	322	$	3,292

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, to maintain the licenses in good standing and for refund of security deposits.

(Tabular amounts in thousands of United States dollars, except per share amounts)

23. COMMITMENTS AND OBLIGATIONS (CONTINUED)

Ireland

In Ireland, on or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or elect to allow title of the license be cancelled.

Ecuador

In Ecuador, for concessions applied through the public tender process, an investment offer is presented for each concession, the offer of which represents the total amounts required to be spent in order to maintain possession of the concession area at the end of the four-year investment period. For concessions not acquired through the public tender process or for concessions acquired through the public tender process and have fulfilled the initial investment conditions, the Corporation is required to submit an annual expenditure plan specifying its minimum amount of committed expenditures for the upcoming year. All of the Corporation's concessions fall into the latter category and are subject to annual expenditure plan.

Royalty obligations

The Corporation has the following royalty obligations on its properties:

Projects	Country	Royalty
Rathkeale	Ireland	2% Net Smelter Return ("NSR")
Fermoy	Ireland	2% NSR
Curipamba	Ecuador	2% NSR
Santiago (1)	Ecuador	1.5% NSR
Santiago	Ecuador	4% net profits interest

(1): The NSR royalty on Santiago can be bought out for $1,000,000.

24. SUBSEQUENT EVENTS

(a) January 2023 Offering

In January 2023, the Corporation closed the January 2023 Offering for 13,269,230 common shares for aggregate gross proceeds of approximately $5,134,000 (C$6,900,000).

(b) Options/RSU issue

In January 2023, an aggregate of 5,703,000 share options and 1,428,000 RSUs were granted to employees, directors and consultants, at an exercise price of $0.52 for the options with expiring five (5) years from grant. From January 1, 2023 to the date of this report, a total of 961,667 options and 280,000 RSUs were forfeited.

(c) PMPA ESG Deposit drawdown

In February 2023, the Corporation requested and received the drawdown of $150,000 of the ESG Deposit from Wheaton.