Consolidated Financial Statements

Minsud Resources Corp.

For the Years Ended December 31, 2022 and 2021
(All amounts in Canadian Dollars unless otherwise noted)

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Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Minsud Resources Corp.:

Opinion

We have audited the consolidated financial statements of Minsud Resources Corp. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (c) in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were 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 these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for mineral properties	
Refer to notes 6 and 16	Our approach to addressing the matter involved the following procedures, among others:
As at December 31, 2022, the carrying amount of the Company's mineral properties was $27,050,292. At each reporting period, management assesses mineral properties to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses mineral properties for impairment based on, at minimum, the presence of any one of the following facts and circumstances: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2022. We considered this a key audit matter due to the significance of the mineral properties and the judgments made by management in their assessment of whether there existed impairment indicators related to the mineral properties. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following: • We obtained evidence to support the right to explore the area. • We read the board of directors' minutes and resolutions, and observed evidence supporting the continued and planned exploration expenditures, including the evaluation of events subsequent to December 31, 2022 related to the earn-in optionee's agreement to continue with planned exploration. • Assessed whether available data indicates the potential for commercially viable mineral resources and evaluated the status of agreements relating to future feasibility studies. • Based on evidence obtained in other areas of the audit, we considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 21, 2023

Minsud Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2022 and 2021
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2022	2021
Expenses		
General and administrative	$ 57,075	$ 39,089
Marketing and communications	31,170	5,727
Professional and regulatory fees (note 11)	574,794	371,133
Share-based payments (note 9)	472,651	18,597
Taxes on ownership of subsidiary	48,902	39,155
Hyperinflation - monetary loss (note 3)	1,904,426	430,956
Write-off of VAT Credits	520,603	554,015
Interest income	(4,154)	-
Gain on disposition of property and equipment	-	(16,273)
Net Loss for the Year Before Income Taxes	(3,605,467)	(1,442,399)
Income Taxes		
Deferred income tax expense (note 10)	-	(12,739)
Current income tax expense (note 10)	(9,345)	(705,946)
	(9,345)	(718,685)
Net Loss for the Year	(3,614,812)	(2,161,084)
Other Comprehensive Loss		
Items that may be reclassified to profit and loss:		
Currency translation adjustment (note 3)	2,436,403	2,086,205
Comprehensive Loss for the Year	$ (1,178,409)	$ (74,879)
Net loss per Share - basic and diluted	$ (0.02)	$ (0.01)
Weighted Average Number of Common Shares Outstanding - basic and diluted	163,890,694	156,558,530
Net loss for the Year Attributable to:		
Non-controlling interest	$ (10,379)	$ (7,075)
Equity shareholders of the Company	(3,604,433)	(2,154,009)
	$ (3,614,812)	$ (2,161,084)
Comprehensive Loss for the Year Attributable to:		
Non-controlling interest	$ (47,036)	$ (20,340)
Equity shareholders of the Company	(1,131,373)	(54,539)
	$ (1,178,409)	$ (74,879)

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

Minsud Resources Corp.

Consolidated Statements of Financial Position as at December 31
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2022	2021
Assets		
Non-Current Assets		
Mineral properties (note 6 and 11)	$ 27,050,292	$ 18,861,200
Property and equipment (note 5)	456,238	28,612
Deferred tax asset	6,797	16,978
	27,513,327	18,906,790
Current Assets		
Cash and cash equivalents	2,856,838	2,608,689
Prepaid expenses and deposits	43,050	46,126
Input tax credits receivable	679,077	528,587
Current portion of deferred tax asset	3,733	6,019
	3,582,698	3,189,421
	$ 31,096,025	$ 22,096,211
Shareholders' Equity		
Issued capital (note 7)	19,328,842	19,371,637
Share-based payment reserve (note 8 and 9)	6,121,122	5,648,471
Cumulative translation reserve	(524,973)	(2,995,052)
Deficit	(14,512,178)	(10,907,745)
Equity attributable to shareholders of the Company	10,412,813	11,117,311
Non-controlling interest (note 2(b))	33,868	35,128
	10,446,681	11,152,439
Liabilities		
Non-Current Liabilities		
Deferred exploration recovery (note 17)	19,720,687	9,717,842
Trust acquisition payable (note 6)	-	126,254
	19,720,687	9,844,096
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	556,582	313,369
Income taxes payable	-	576,219
Current portion of trust acquisition payable (note 6)	135,310	126,254
Other liabilities	236,765	83,834
	928,657	1,099,676
	$ 31,096,025	$ 22,096,211

Business of the Company (note 1)
Going Concern (note 2(c))
Commitments (note 16)
South 32 Limited Agreement (note 17)
Subsequent Events (note 18)

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

Approved on behalf of the Board of Directors

Signed "Alberto F. Orcoyen", Director

Signed "Paul Andersen", Director

Minsud Resources Corp.

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Share-based Payment Reserve	Cumulative Translation Reserve	Deficit	Non-Controlling Interest	Total Equity
Balance at January 1, 2022	163,890,694	$ 19,371,637	$ 5,648,471	$ (2,995,052)	$(10,907,745)	$ 35,128	$ 11,152,439
Loss for the year attributable to shareholders of the Company	-	-	-	-	(3,604,433)	-	(3,604,433)
Loss for the year attributable to non-controlling interests	-	-	-	-	-	(10,379)	(10,379)
Other comprehensive income for the year	-	-	-	2,473,060	-	(36,657)	2,436,403
	163,890,694	19,371,637	5,648,471	(521,992)	(14,512,178)	(11,908)	9,974,030
Share-based payments (note 9)	-	-	472,651	-	-	-	472,651
Effects of change in non-controlling interest (note 2(b))	-	(42,795)	-	(2,981)	-	45,776	-
Balance at December 31, 2022	163,890,694	$ 19,328,842	$ 6,121,122	$ (524,973)	$(14,512,178)	$ 33,868	$ 10,446,681

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

Minsud Resources Corp.

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Share-based Payment Reserves	Cumulative Translation Reserve	Deficit	Non-Controlling Interest	Total Equity
Balance at January 1, 2021	156,210,694	$ 18,098,392	$ 5,947,256	$ (5,094,522)	$ (8,753,736)	$ 34,331	$ 10,231,721
Loss for the year attributable to shareholders of the Company	-	-	-	-	(2,154,009)	-	(2,154,009)
Loss for the year attributable to non-controlling interests	-	-	-	-	-	(7,075)	(7,075)
Other comprehensive income for the year	-	-	-	2,099,470	-	(13,265)	2,086,205
	156,210,694	18,098,392	5,947,256	(2,995,052)	(10,907,745)	13,991	10,156,842
Share-based payments (note 9)	-	-	18,597	-	-	-	18,597
Warrants exercised	4,180,000	743,622	(116,622)	-	-	-	627,000
Options exercised	3,500,000	550,760	(200,760)	-	-	-	350,000
Effects of change in non-controlling interest (note 2(b))	-	(21,137)	-	-	-	21,137	-
Balance at December 31, 2021	163,890,694	$ 19,371,637	$ 5,648,471	$ (2,995,052)	$(10,907,745)	$ 35,128	$ 11,152,439

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

Minsud Resources Corp.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2022	2021
Cash Provided By (Used In):		
Operating Activities		
Net loss for the year	$ (3,614,812)	$ (2,161,084)
Items not affecting cash flows from operating activities:		
Hyperinflation - monetary loss	1,904,426	430,956
Items not affecting cash:		
Share-based payments (note 9)	472,651	18,597
Write-off of VAT Credits	520,603	554,015
	(717,132)	(1,157,516)
Net changes in non-cash working capital:		
Receivables	-	24,339
Input tax credits receivable	(566,950)	(540,976)
Prepaid expenses and deposits	6,964	(2,658)
Accounts payable and accrued liabilities	(2,588)	32,051
Other liabilities	-	(9,895)
	(1,279,706)	(1,654,655)
Financing Activities		
Exercise of stock options	-	350,000
Exercise of warrants	-	627,000
	-	977,000
Investing Activities		
Mineral property expenditures	(7,982,749)	(3,254,282)
Purchase of property and equipment (note 5)	(423,221)	(10,198)
Proceeds from deferred exploration recovery (note 17)	10,002,845	5,867,106
Trust acquisition payments	(69,020)	(63,576)
	1,527,855	2,539,050
Change in Cash and Cash Equivalents	248,149	1,861,395
Cash and Cash Equivalents - Beginning of Year	2,608,689	747,294
Cash and Cash Equivalents - End of Year	$ 2,856,838	$ 2,608,689
Cash and cash equivalents is comprised of:		
Cash	$ 2,819,464	$ 2,608,689
Cash equivalents	37,374	-
Total	$ 2,856,838	$ 2,608,689
Supplemental Cash Flow Information		
Interest received	$ 4,154	$ -
Fair value of stock options transferred from share-based payment reserves to share capital upon exercise	$ -	$ 200,760
Fair value of warrants transferred from share-based payment reserves to share capital upon exercise	$ -	$ 116,622

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

1. Business of the Company

Minsud Resources Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on October 11, 2007 and is a publicly listed company on the TSX Venture Exchange under the symbol "MSR". The registered office is located at 340 Richmond Street West, Toronto Ontario. The principal place of business is located at Esmeralda 684 piso 15 - (CP.1007), Ciudad de Buenos Aires, Argentina.

The Company is in the process of exploring its mineral resource properties located in Argentina. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties and generate future profitable operations or proceeds of disposition from these properties.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. The policies applied in the Company's consolidated financial statements are based on IFRS effective for the year ended December 31, 2022. These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 21, 2023.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Minsud Argentina Inc ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA").

MAI acquired 10,309,400 of the 10,852,000 outstanding common shares of MSA at May 10, 2011, representing a 95% ownership interest in MSA. The Company entered into a put and call option agreement with respect to the remaining 542,600 shares of MSA (representing 5% of the total number of issued and outstanding shares of MSA) which includes an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allows the remaining 542,600 shares of MSA to be exchanged for 790,000 common shares of the Company at the option of either party.

As at December 31 2022, MAI held 144,951,699 (December 31, 2021 - 144,951,699) of the 145,494,299 (December 31, 2021 - 145,494,299) outstanding common shares of MSA, representing an ownership interest of 99.63% (December 31, 2021 - 99.63%). As at December 31, 2022 and December 31, 2021, the 542,600 shares of MSA not owned by MAI represented a non-controlling interests of 0.37% for both periods.

2. Basis of Presentation and Going Concern (continued)

b) Basis of Consolidation (continued)

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that ownership of a majority of voting rights results in control. To support this presumption, and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangement(s); and
- The Company's voting rights and potential voting rights.

The Company re-assesses 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Company's accounting policies. All inter-company assets and liabilities, equity, income, expenses and cash flows relating to intercompany transactions are eliminated in full on consolidation.

2. Basis of Presentation and Going Concern (continued)

c) Going Concern

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the year ended December 31, 2022, the Company incurred a net loss of $3,614,812 (2021 - $2,161,084) and as of that date, the Company's deficit was $14,512,178 (2021 - $10,907,745). As at December 31, 2022, the Company has current assets of $3,582,698 (2021 - $3,189,421) and current liabilities of $928,657 (2021 - $1,099,676). The Company has working capital of $2,654,041 as at December 31, 2022 (2021 - $2,089,745).

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long-term working capital requirements.

The above noted events and conditions give rise to a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

3. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits at reputable financial institutions in Canada and Argentina, and short-term money market instruments with an original maturity of three months or less which are readily convertible into a known amount of cash. As at December 31, 2022 the Company had short-term money market instruments of $37,374 (2021 - $Nil).

Accounts Payable and Accrued Liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle this obligation are both probable and able to be reliably measured.

Mineral Properties

Costs incurred by the Company before obtaining the rights to explore a property are expensed. Subsequent to obtaining the rights to explore its mineral properties, the Company's accounting policy is to capitalize mineral property costs relating to the acquisition of rights to explore including acquisition costs for mineral rights, topographical, geological, geochemical and geophysical studies, exploratory drilling, metallurgical testing, trenching, technical feasibility studies and other costs directly attributable to exploration projects, until such time as the properties are technically feasible or put into production, sold, determined not to be economically viable or abandoned.

Mineral properties are carried at cost less accumulated impairment losses, if any. The Company assesses the facts and circumstances and determines if there is an indication that the carrying amount of a mineral property may exceed its recoverable amount. One or more of the following facts and circumstances would give rise to the Company testing and evaluating mineral properties for impairment:

i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. Significant Accounting Policies (continued)

Mineral Properties (continued)

If there is an indication of impairment, the Company determines the recoverable amount of this asset by determining the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in profit or loss.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimated useful lives and residual values accounted for on a prospective basis.

Depreciation is calculated applying the following useful lives:

Vehicles	5 years on a straight-line basis
Office equipment and Other	3 - 5 years on a straight-line basis
Facilities	12.5 years on a straight-line basis

Gains and losses on disposals are determined by comparing the proceeds with the corresponding carrying amounts and are included in profit or loss.

The carrying values of property and equipment are reviewed for indicators of impairment at the end of each reporting period. If any such indication exists, the recoverable amount of the asset will be estimated. Where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs of disposal and their value in use. Fair value is the price at which the asset could be bought or sold in an orderly transaction between market participants. In assessing fair value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Deferred Taxes

Deferred taxes are recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

3. Significant Accounting Policies (continued)

Deferred Taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiary MAI is the Canadian dollar. The functional currency of MAI's subsidiary, MSA, is the Argentine Peso ("AR$").

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the consolidated statement of loss and comprehensive loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of MSA are expressed in Canadian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive loss and reported as cumulative translation reserve in shareholders' equity. The cumulative amount of the exchange differences recognized in other comprehensive loss and accumulated as cumulative translation reserve in shareholders' equity shall be reclassified from equity to profit or loss upon disposal of MSA.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which, in substance, is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive loss.

See also the discussion of Hyperinflation below.

3. Significant Accounting Policies (continued)

Hyperinflation

During the year ended December 31, 2022, for Argentina, the IMF reported a 3-year cumulative rate of inflation of 216% as of December 2021 and a forecasted annual rate of inflation of 95% for 2022, which was realized. During the first three months of 2023, inflation in Argentina rose above 100%. Therefore, Argentina remains a hyper-inflationary economy. The functional currency of MSA is the Argentine Peso. The Company has prepared these consolidated financial statements on the historical cost approach within IAS 29.

IAS 29 applies to the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy. The designation of an economy as hyperinflationary involves the assessment of several factors and requires the Company to make certain estimates and judgments, such as the assessment of historic inflation rates and anticipation of future trends. Changes in such estimates may significantly impact the carrying value of the Company's non-monetary assets or liabilities, and items of profit or loss that are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

The application of hyperinflation accounting requires restatement of MSA's non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Retail Price Index (Indice de Precios al Consumidor or "IPC"). The IPC has been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As a result of the change in the IPC during the year, MSA recognized a loss of $1,904,426 (2021 - $430,956), to adjust transactions recorded during the year into a measuring unit current as of December 31, 2022. The level of the IPC at December 31, 2022 was 1,134.59 (2021 - 582.46), which represents an increase of 95% over the IPC as at December 31, 2021.

For the year ended December 31, 2022, the currency translation adjustment was $2,436,403 (2021 - $2,086,205).

Share Purchase Warrants

From time-to-time, the Company may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Company and a whole, or fraction of, a share purchase warrant. The Company allocates the proceeds from each Unit to the common share and warrant components based on their relative fair value using market value of the Company's common shares to determine the fair value of the share component, and the Black-Scholes option pricing model to determine the value of the warrants. Transaction costs arising on the issue of Units are recognized in equity as a reduction of the proceeds allocated to issued capital and warrants on a pro-rata basis. The fair value of warrants is recorded in share-based payment reserve.

3. Significant Accounting Policies (continued)

Non-Controlling Interests

The Company treats acquisitions of and transactions with non-controlling interests as transactions with equity owners of the Company. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Earnings (Loss) Per Share

Earnings (loss) per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, if dilutive. During the years ended December 31, 2022 and 2021, all the outstanding stock options were anti-dilutive, and as such are excluded from the computation of diluted loss per share.

Decommissioning, Restoration and Similar Liabilities

The Company recognizes a provision for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for decommissioning costs is recognized at the present value of management's best estimate of expenditure required to settle the present obligation at the reporting date. Upon initial recognition of the liability, the corresponding decommissioning cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the decommissioning costs, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As of the date of these consolidated financial statements, the Company has no material decommissioning, restoration and similar liabilities.

Segment Reporting

A reportable segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other operating segments. The Company's only activity is the exploration of its mineral properties in Argentina, and as such, it does not have distinguishable business segments to report. The Company has identified two geographical segments, Canada and Argentina (see note 15 - Segment Reporting).

3. Significant Accounting Policies (continued)

Share-Based Payments

The Company has a share option plan for its directors, officers, employees and selected consultants as described in note 9. Each awarded grant of options is considered as a single tranche with its own vesting period and grant date fair value. Fair values of each tranche are measured using the Black-Scholes option pricing model. Share-based payment expense is recognized over the tranche's vesting period by increasing share-based payment reserves based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to share capital. The amount included in share-based payment reserves resulting from share-based payments is transferred to share capital if the options are exercised.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the fair value of the equity instrument is used.

Financial Instruments

i) Classification and measurement of financial assets and financial liabilities

Financial instruments are classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. Investments in equity instruments are required to be measured by default at FVTPL, unless the Company elects into an irrevocable option for equity instruments to report changes in fair value as FVOCI.

Classification and measurement of financial assets is dependent on the Company's business model for managing the financial assets and related contractual cash flows.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded as FVTPL or FVOCI (which designation is made as an irrevocable election at the time of recognition).

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

i) Classification and measurement of financial assets and financial liabilities (continued)

The following table summarizes the classification of the Company's financial assets and liabilities:

Asset/Liability	Classification
Cash and cash equivalents	Amortized cost
Trust acquisition payable	Amortized cost
Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or at FVOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss as incurred.

Financial instruments subsequent measured at amortized cost utilize the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

ii) Impairment

There is a three-stage expected credit loss ("ECL") model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before the Company recognizes credit losses. The Company is required to recognize ECLs upon initial recognition of a financial asset and to update the quantum of ECLs at the end of each reporting period to reflect changes to credit risk of the financial asset.

Future Accounting Pronouncements

There are no upcoming accounting pronouncements that the Company expects to have a material impact on the consolidated financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management.

The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and the most critical management judgments in applying accounting policies.

Estimates

i) Share-based payments

The estimate of share-based payment and the fair value of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options and expected extinguishments. The model used by the Company is the Black-Scholes option pricing model. Changes in the subjective input assumptions, such as the expected price volatility, can materially affect the fair value estimate.

Critical Judgments

i) Impairment of mineral properties

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator of impairment is identified, the Company determines the recoverable amount of the mineral property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

4. Significant Accounting Judgments, Estimates and Assumptions (continued)

Critical Judgments (continued)

ii) Functional currency of foreign subsidiaries

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

iii) Hyper-inflationary accounting

The Company has designated Argentina as a hyper-inflationary economy and has therefore employed the use of the hyper-inflationary accounting to consolidate and report MSA. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgments, such as an assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyperinflationary accounting requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in estimates may significantly impact the carrying value of nonmonetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the other comprehensive income.

iv) Deferred exploration recoveries

Management considered the facts and circumstances surrounding the receipt of deferred exploration recoveries (note 17), in determining that it represents a liability to the Company. The payment represents a portion of the funding that will form the consideration for South32 Aluminium (Holdings) Pty Ltd's ("South32") investment in MSA, should South32 exercise its right to acquire a 50.1% direct interest in MSA. In management's view, as the Company continues to operate the Chita Valley Project, this payment for the future sale of a controlling interest in MSA is considered to be a present obligation of the Company.

5. Property and Equipment

As at December 31, 2022	Vehicles	Office Equipment	Facilities	Other	Total
Cost					
Balance, beginning of year	$ 74,613	$ 45,718	$ -	$ -	$ 120,331
Additions	126,986	174,116	120,468	1,651	423,221
Currency translation adjustments	(82,452)	(77,059)	(36,429)	(648)	(196,588)
Effects of hyperinflation	118,714	112,537	65,621	986	297,858
Balance, end of year	237,861	255,312	149,660	1,989	644,822
Accumulated depreciation					
Balance, beginning of year	(74,613)	(17,106)	-	-	(91,719)
Depreciation	(26,517)	(42,972)	(8,717)	(387)	(78,593)
Currency translation adjustments	43,387	19,287	1,719	95	64,488
Effects of hyperinflation	(57,858)	(23,539)	(1,277)	(86)	(82,760)
Balance, end of year	(115,601)	(64,330)	(8,275)	(378)	(188,584)
Net carrying amount as at December 31, 2022	$ 122,260	$ 190,982	$ 141,385	$ 1,611	$ 456,238

As at December 31, 2021	Vehicles	Office Equipment	Total
Cost			
Balance, beginning of year	$ 86,659	$ 26,580	$ 113,239
Additions	-	10,198	10,198
Disposals	(25,888)	-	(25,888)
Currency translation adjustments	(15,133)	(6,502)	(21,635)
Effects of hyperinflation	28,975	15,442	44,417
Balance, end of year	74,613	45,718	120,331
Accumulated depreciation			
Balance, beginning of year	(86,659)	(6,902)	(93,561)
Depreciation	-	(8,016)	(8,016)
Disposals	26,915	-	26,915
Currency translation adjustments	14,106	1,964	16,070
Effects of hyperinflation	(28,975)	(4,152)	(33,127)
Balance, end of year	(74,613)	(17,106)	(91,719)
Net carrying amount as at December 31, 2021	$ -	$ 28,612	$ 28,612

Depreciation expense has been capitalized to mineral properties.

6. Mineral Properties

	San Juan Province Chita Valley				
As at December 31, 2022	**Chita**	**Brechas Vacas**	**Minas de Pinto**	**Other**	**Total**
Balance, beginning of year	$ 9,703,838	$ 6,188,736	$ 2,957,597	$ 11,029	$ 18,861,200
Property rights/exploration agreements	49,589	9,985	122,254	-	181,828
Exploration activities [(1)]	3,334,687	924,070	96,835	-	4,355,592
Currency translation adjustments	(5,176,318)	(3,225,106)	(1,486,342)	(5,620)	(9,893,386)
Effects of hyperinflation	6,994,636	4,468,449	2,074,058	7,915	13,545,058
Balance, end of year	$ 14,906,432	$ 8,366,134	$ 3,764,402	$ 13,324	$ 27,050,292

	San Juan Province Chita Valley				
As at December 31, 2021	**Chita**	**Brechas Vacas**	**Minas de Pinto**	**Other**	**Total**
Balance, beginning of year	$ 7,482,884	$ 3,683,626	$ 2,362,744	$ 6,582	$ 13,535,836
Property rights/exploration agreements	-	1,118,087	73,419	-	1,191,506
Exploration activities [(1)]	653,387	468,156	7,449	2,606	1,131,598
Write-offs	-	-	-	-	-
Currency translation adjustments	(1,439,718)	(803,538)	(472,311)	(1,524)	(2,717,091)
Effects of hyperinflation	3,007,285	1,722,405	986,296	3,365	5,719,351
Balance, end of year	$ 9,703,838	$ 6,188,736	$ 2,957,597	$ 11,029	$ 18,861,200

[(1)]Amounts recorded as exploration activities include fees paid for drilling, construction of roads and labour and technical fees.

Chita Property

On September 28, 2006, the Company, through MSA, entered into an Exploration Agreement (the "Chita Agreement") including a Purchase Option to purchase a 100% ownership interest in the mining properties pursuant to certain terms and conditions, with the owners of the mining properties identified as Proyecto Chita in the Chita Valley, in the Province of San Juan, Argentina. The Chita Property includes the Chita I, II, III, IV, V and VI mining concessions, as well as the Romina, Lucrecia and Mabel mining concessions.

On August 3, 2012, the Company exercised its Purchase Option to acquire a 100% interest in the Chita Property in exchange for a series of cash payments totaling US$420,000. On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company and registered by the Ministry of Mines in San Juan Province.

On September 12, 2017, the Company made the final payment pursuant to the Purchase Option resulting in a 100% ownership interest in the Chita Property.

6. Mineral Properties (continued)

Chita Property (continued)

On July 14, 2022, the Company announced an agreement with San Juan Mining S.A. to acquire a mineral property named "Mina Gabriela" located in the central area of the Chita property, in San Juan Province, Argentina. Under the terms of the Transfer Agreement, Minsud acquired 100% of Mina Gabriela's rights for a cash purchase price of US$30,000 ($39,414). The "Mina Gabriela'' property has an area of 30 hectares which is within and overlapping the Chita property.

Brechas Vacas Property

On September 7, 2007, MSA entered into an exploration agreement including a purchase option (the "Initial Brechas Vacas Agreement") with the owners of the mining properties (the "Brechas Vacas owners") identified as Proyecto Brechas Vacas, located in the Chita Valley, in the Province of San Juan, Argentina (the "Brechas Vacas property"). In addition to the exploration rights, the Brechas Vacas owners granted to MSA, an irrevocable and exclusive option to purchase a 50% ownership interest in the property.

On September 6, 2011, MSA exercised its option to purchase a 50% ownership interest in the Brechas Vacas property for consideration of US$210,000. Subsequent to exercising this option, the ownership of the Brechas Vacas property was transferred by the Brechas Vacas owners to the Brechas Vacas Trust and MSA simultaneously acquired a 50% beneficial interest in the Brechas Vacas Trust. The remaining 50% beneficial interest in the Brechas Vacas Trust held by the Brechas Vacas owners was subject to a new exclusive and irrevocable purchase option agreement (the "BV Option Agreement") dated January 3, 2012 granted in favour of MSA, and amended on December 19, 2013, June 24, 2016 and June 24, 2019. The option under the BV Option Agreement can be exercised by MSA at any time on or before June 26, 2022 and provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust in exchange for a cash payment of US$735,000 in addition to the exclusive right to evaluate, prospect and explore the Brechas Vacas property.

On October 7, 2021, the Company, through MSA, has exercised its option to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust, and has become the indirect owner of 100% of the Brechas Vacas property. The Brechas Vacas property represents one of the main properties in the Company's flagship Chita Valley Project. MSA has paid the required sum of US$735,000 to the Brechas Vacas owners representing the price to fully exercise the option, which was settled in Argentinean pesos.

The Brechas Vacas owners will retain a 0.6% Net Smelter Return ("NSR") royalty on the Brechas Vacas property with the Company having the option to purchase 0.3% of the 0.6% NSR royalty, at any time, for a one-time payment of US$400,000.

As at December 31, 2021, the Company had made aggregate cash payments totaling US$1,925,000 ($2,300,752) and also issued 629,000 common shares of the Company.

6. Mineral Properties (continued)

Minas de Pinto Property

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Initial Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located in the Chita Valley in the Province of San Juan, Argentina. Included in Proyecto Minas de Pinto are the Arqueros, Don Marcos, Estrellita, Paulita, Paulita II, Pierina II, Pierina III, San Pablo, and San Urbano mining concessions.

Pursuant to the Minas de Pinto Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option to purchase a 100% ownership interest in the properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement. The Company made aggregate payments of US$252,500 by the respective due dates in accordance with the Minas de Pinto Agreement.

On April 22, 2014, the Minas de Pinto Owners settled the Minas de Pinto Trust and transferred 100% of the mineral properties governed by the Minas de Pinto agreement to the Minas de Pinto Trust. The Company acquired a 50% interest in the Minas de Pinto Trust for total consideration of US$417,500 with the first payment due upon signing and the final payment due May 7, 2018.

The remaining 50% beneficial interest in the Minas de Pinto Trust held by the Minas de Pinto Owners was subject to a new exclusive and irrevocable purchase option agreement (the “Option”) granted in favour of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Minas de Pinto Trust in addition to the exclusive right to evaluate, prospect and explore the Minas de Pinto properties for consideration of US$1,335,000 payable at any time on or before May 7, 2019.

On May 8, 2017, the Company and the Minas de Pinto Owners signed an addendum to extend the period in which the Company can acquire the remaining 50% beneficial interest by exercising the Option prior to November 7, 2020. The addendum modified the payment schedule and increased the total amount to be paid to US$417,500.

On May 4, 2020, upon exercise of the Option discussed above, MSA entered into a Transfer Agreement, pursuant to which MSA acquired an additional 15% interest in the Minas de Pinto Trust in exchange for aggregate cash payments of US$400,000, payable in eight semi-annual payments of US$50,000 starting on May 7, 2020 until November 7, 2023. Furthermore, the parties entered into a second addendum to the Option, which would allow MSA to purchase the remaining 35% interest in the Minas de Pinto Trust by paying US$935,000 on or before April 7, 2024.

6. Mineral Properties (continued)

Minas de Pinto Property (continued)

The following table summarizes the payments made and outstanding related to the Minas de Pinto property:

	$US	Status
Initial Exploration Agreement	$ 252,500	Paid
Minas de Pinto Trust- 50% interest	417,500	Paid
Minas de Pinto Trust- 15% interest [(1)]	300,000	Paid
Minas de Pinto Trust- 15% interest [(1)]	100,000	Outstanding
Total Payments	$ 970,000	
Minas de Pinto Trust (Outstanding)	$ 100,000	

[(1)] The aggregate payments of US$400,000 represents the consideration to be paid to acquire the additional 15% interest in the Minas de Pinto Trust.

As at December 31, 2022, the Company was in compliance with their staggered payments schedule. Payments related to the Transfer Agreement that are outstanding, but not yet overdue, amount to US$100,000 ($135,310), which is repayable during the year ended December 31, 2023.

Trust Agreement with Landowners

On December 5, 2022, the Company signed a "Trust Agreement" with landowners in the Chita Valley Project, which includes the Chita Property, the Brachas Vacas Property, and the Minas de Pinto Property. The Trust Agreement grants the purchase option of the property for a cash payment of US$1,500,000 (the "Purchase Price") during a term of 15 years, which can be paid at any time during the life of the Trust Agreement. The Purchase Price turns into an obligation if an "Acceleration Event" occurs, such as a confirmation by the Ministry of Mining of the Province of San Juan approving the feasibility study of the Chita Valley Project. To maintain the purchase option in good standing, the Company must comply with the following staggered payment (the "Maintenance Payments"): from year one to year five, annual payments of US$20,000; from year six to year ten, annual payments of US$40,000; and from year eleven to year fifteen, annual payments of US$100,000. The Maintenance Payments are in addition to the Purchase Price and are required until the Company's satisfaction of the Purchase Price. After the end of each five-year tranche, the Company must demonstrate a minimum annual investment of US$1,000,000 under the "Mineral Properties" asset, as disclosed in its annual consolidated financial statements.

7. Issued Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

During the year ended December 31, 2021, the Company issued 3,500,000 common shares from the exercise of stock options and 4,180,000 commons shares from the exercise of warrants issued (see notes 8 and 9).

During the year ended December 31, 2022, the Company did not issue any common shares.

8. Warrants

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2021	9,529,000	$ 216,004	$ 0.15
Expired	(5,349,000)	(99,382)	(0.15)
Exercised	(4,180,000)	(116,622)	(0.15)
Balance - December 31, 2021 and December 31, 2022	-	$ -	$ -

The weighted average market price of the Company's shares during the period in which the warrants were exercised during the year ended December 31, 2021 was $0.26 per share.

During the year ended December 31, 2021, 4,180,000 warrants were exercised for proceeds of $627,000 and 5,349,000 warrants expired un-exercised.

9. Stock Option Plan

On November 29, 2011 a new form of stock option plan (the “2011 Plan”) was approved by the shareholders at the annual and special meeting of shareholders held that day. The 2011 Plan is a rolling stock option plan. Options to purchase up to 10% of the total number of Company's shares issued and outstanding at the date of any grant are issuable pursuant to the 2011 Plan. The 2011 Plan is a rolling plan as the number of options which may be granted pursuant to the 2011 Plan will increase as the number of the Company's shares, which are issued and outstanding, increases. If an option expires or is otherwise terminated for any reason, the number of the Company's shares in respect of that expired or terminated option shall again be available for the purposes of the 2011 Plan. Pursuant to the policies of the Exchange, the shareholders of the Company are required to approve, on a yearly basis, stock option plans which have a rolling plan ceiling. Options issued under the 2011 Plan are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The 2011 Plan is administered by the Company’s board of directors (the "Board of Directors") or a committee established by the Board of Directors for that purpose (the “Committee”). The 2011 Plan may be amended, subject to applicable regulatory and shareholder approval, or terminated by the Board of Directors or the Committee at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any option outstanding when the 2011 Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the 2011 Plan. The 2011 Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option at the discretion of the Board of Directors or the Committee, provided that, if required by any stock exchange on which the shares of the Company trades, options issued to consultants which provide investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. All option grants are to be evidenced by the execution of an option agreement between the Company and the optionee which shall give effect to the provisions of the 2011 Plan. Options may be granted under the 2011 Plan only to directors, officers, employees and other service providers of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Company's shares may be listed or may trade from time to time.

9. Stock Option Plan (continued)

The aggregate number of the Company's shares which may be reserved for issuance to any one individual under the 2011 Plan within any 12 month period shall not exceed 5% of the Company's shares issued and outstanding at the date of the grant (on a non-diluted basis). Further, the aggregate number of the Company's shares which may be reserved for issuance under the 2011 Plan: (a) to any consultant to the Company shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis) and (b) to all employees or consultants who provide investor relations activities shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis). In the event an optionee ceases to be a service provider or employee of the Company (other than by reason of death), the vested stock options will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant and one year following the date of termination. In the event of death of an optionee, all options will be automatically exercisable by the personal representatives of the optionee within, but only within, the period of one year next succeeding the optionee's death and prior to the expiry date of the option, whichever is sooner. The price at which an optionee may purchase a Company's share upon the exercise of an option will be as set forth in the option agreement executed in respect of such option and, in any event, will not be less than the market price of the Company's shares as of the date of the grant of the stock option (the "Grant Date") less any discounts from the market price allowed by the Exchange, subject to a minimum exercise price of $0.10. The market price of the Company's shares means the closing price on the last trading day immediately preceding the Grant Date. The Company's shares will not be issued pursuant to options granted under the 2011 Plan until they have been fully paid for.

i) Movements in stock options during the year:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2021	5,400,000	$ 0.10
Options granted	539,000	0.15
Options expired	(592,250)	(0.10)
Options exercised	(3,500,000)	(0.10)
Balance - December 31, 2021	1,846,750	0.11
Options granted	3,060,000	0.30
Options expired	(30,750)	(0.15)
Balance - December 31, 2022	4,876,000	$ 0.23

The weighted average market price of the Company's shares during the period in which the options were exercised during the year ended December 31, 2021 was $0.28 per share.

9. Stock Option Plan (continued)

During the year ended December 31, 2022:

a) the Company granted 3,060,000 incentive stock options, of which 2,480,000 were granted to directors and officers of the Company. The options are exercisable at a price of $0.30 per share, all of which shall vest as to one-quarter on February 11, 2022, one quarter on August 11, 2022, one-quarter on February 11, 2023, and one quarter on August 11, 2023, and shall be exercisable for a period of five years from the date of issuance.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.70%
Expected life	5.0 years
Expected volatility	104%*
Share price	$0.24
Exercise price	$0.30

*Based on volatility of comparable companies

The fair value of the granted stock options of $540,824 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the year ended December 31, 2022 was $470,045.

During the year ended December 31, 2021:

b) the Company granted 539,000 incentive stock options to certain officers of the Company. The options are exercisable at a price of $0.15 per share, all of which shall vest as to one-quarter on February 12, 2021, one quarter on August 12, 2021, one-quarter on February 12, 2022, and one quarter on August 12, 2022, and shall be exercisable for a period of five years from the date of issuance.

On March 26, 2021, the Chief Operating Officer of MSA resigned, resulting in the expiry of 92,250 of the options granted during the year. During the period ended March 31, 2022, 30,750 of the Chief Operating Officer's options expired unexercised.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.25%
Expected life	5.0 years
Expected volatility	103%*
Share price	$0.06
Exercise price	$0.15

*Based on volatility of comparable companies

The fair value of the granted stock options of $20,815 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the year ended December 31, 2022 was $2,606 (2021 - $18,597).

9. Stock Option Plan (continued)

c) 592,250 stock options issued to a former officer and director expired un-exercised.

d) 3,500,000 stock options were exercised for proceeds of $350,000.

ii) Stock options outstanding at the end of the year

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
$ 0.10	1,400,000	-	2.54	July 16, 2025
$ 0.15	416,000	-	3.12	February 12, 2026
$ 0.30	1,530,000	1,530,000	4.12	February 11, 2027
	3,346,000	1,530,000	3.58	

As at December 31, 2022, 11,513,069 stock options are available for issuance at the discretion of the Company's Board of Directors pursuant to the Company's stock option plan.

Subsequent to the year ended December 31, 2022, the Company granted an aggregate of 2,450,000 incentive stock options to certain directors, officers and employees of the Company. The stock options are exercisable at price of $0.30 per share, expire on January 9, 2028 and will be subject to the following vesting terms: one-quarter (1/4) shall vest on January 9, 2023, one-quarter (1/4) shall vest on June 9, 2023, one-quarter (1/4) shall vest on January 9, 2024, and the balance shall vest on June 9, 2024.

10. Income Taxes

a) Income Taxes

	2022	2021
Loss before income taxes	$ (3,605,467)	$ (1,442,399)
Statutory rate (combined federal and provincial rate)	26.5%	26.5%
Expected income tax recovery at statutory rate	(955,449)	(382,236)
Non-deductible expenses	527,169	50,193
Share issuance costs incurred	(2,219)	(3,011)
Effects of foreign exchange differences	280,588	83,392
Change in deferred tax assets not recognized	159,256	970,347
Net current income and deferred tax expense	$ 9,345	$ 718,685

10. Income Taxes (continued)

b) Deferred Income Tax Assets

The tax effects of temporary differences that give rise to the deferred income tax assets at December 31, 2022 and 2021 are as follows:

	2022	2021
Non-capital loss carry forwards	$ 962,200	$ 1,002,541
Share issuance costs and other	1,458	3,676
Transaction costs	242,364	242,364
Mineral properties	1,083,424	1,210,651
	2,289,446	2,459,232
Deferred tax assets not recognized	(2,276,979)	(2,436,235)
Net deferred tax assets	$ 12,467	$ 22,997

The Company has a deferred tax asset balance of $10,530 as at December 31, 2022 (2021 - $22,997) and an income tax provision of $9,345 (2021 - $718,685).

c) Non-Capital Losses

The Company has a non-capital losses carried forward balance of approximately $4,533,195 (2021 - $$3,738,086) available to reduce future years' taxable income. These losses will expire as follows:

	Canada	Argentina	Total
2023	-	47,301	47,301
2024	-	120,547	120,547
2027	5,755	754,402	760,157
2028	20,965	-	20,965
2029	58,790	-	58,790
2030	34,533	-	34,533
2031	407,656	-	407,656
2032	269,700	-	269,700
2033	481,323	-	481,323
2034	322,587	-	322,587
2035	204,940	-	204,940
2036	254,033	-	254,033
2037	208,759	-	208,759
2038	131,999	-	131,999
2039	319,761	-	319,761
2040	328,690	-	328,690
2041	236,148	-	236,148
2042	345,306	-	345,306
	$ 3,630,945	$ 922,250	$ 4,553,195

11. Related Party Transactions and Balances

During the year ended December 31, 2022, the Company incurred the following related party transactions:

i) Transactions

a) A total salary of $324,292 (2021 - $206,724) was charged by the Company's current CEO. These amounts have been expensed to professional fees.

b) A total of $48,500 of accounting and regulatory compliance fees (2021 - $41,000) and $24,000 of CFO fees (2021 - $21,000) was charged by an accounting firm in which the Company's CFO is a partner. These amounts have been expensed to professional fees.

c) A total of $54,594 of professional fees (2021 - $49,320) and $1,025 (2021 - $505) of mineral property exploration expenses were charged by the Company's current Vice-President (Exploration). These amounts have been capitalized to mineral properties.

ii) Year-end balances

a) As at December 31, 2022, accounts payable and accrued liabilities included $74,351 (2021 - $7,882) payable to the Company's current CEO.

b) As at December 31, 2022, accounts payable and accrued liabilities included $33,915 (2021 - $12,923) payable to an accounting firm in which the Company's CFO is a partner.

Amounts owing to related parties are non-interest bearing and have no repayment terms.

12. Management Compensation

Key management includes all directors (management and non-management directors), the Chief Executive Officer, the Chief Financial Officer and the Vice-President (Exploration). The compensation paid or payable to key management for services is shown below:

	2022	2021
Salaries and fees	$ 451,386	$ 318,044
Share-based compensation	383,198	18,596
	$ 834,584	$ 336,640

13. Financial Instruments

Fair Values

The carrying amounts for the Company's cash and cash equivalents, accounts payable and accrued liabilities, other liabilities, and trust acquisition payable approximate their fair values because of the short-term nature or immaterial interest rate risk of/for these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations and cause a financial loss. The Company is not exposed to any significant credit risk as at December 31, 2022. The Company's maximum exposure is limited to its cash as presented in the consolidated statements of financial position. The Company's cash and cash equivalents are on deposit with highly rated financial institutions in Canada and Argentina. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company has current assets of $3,582,698 (2021 - $3,189,421) and current liabilities of $928,657 (2021 - $1,099,676). The Company has a working capital balance as at December 31, 2022 of $2,654,041 (2021 - $2,089,745). All of the Company's current financial assets and liabilities, with the exception of the current portion of trust acquisition payable, have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

Market Risk

Market risk is the risk that changes in market prices and interest rates will affect the Company's net earnings or the value of financial instruments. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns. In order to mitigate these risks, the Company invests in financial instruments with carrying maturities and interest rates based on the Company's expected working capital requirements. The Company's market risk consists of risks from changes in foreign exchange rates, interest rates and market prices that affect its financial liabilities, financial assets and future transactions.

13. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company has significant cash balances and it has no interest-bearing debt. The Company's exposure to interest rate risk is minimal as it does not hold any investments or debt that is subject to interest rate fluctuations. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows from the Company's operations will fluctuate due to changes in foreign exchange rates. The Company has cash and cash equivalents and accounts payable and accrued liabilities denominated in Argentinean Pesos (AR$). The carrying value of these items may change due to fluctuations in foreign exchange rates. The Company's obligations pursuant to the various mineral property agreements are denominated in United States Dollars (US$). As the Company ordinarily raises capital through the issuance of common shares and warrants in Canadian Dollars, the Company is exposed to risk due to fluctuations in the foreign exchange rate between the United States Dollar and the Canadian Dollar and between the Argentinean Peso and the United States Dollar. The Company's exposure to and management of foreign currency risk has not changed materially from that of the prior year.

Sensitivity Analysis

As at December 31, 2022, cash and cash equivalents includes AR$2,510,075 and US$900,234. accounts payable and accrued liabilities includes AR$55,764,906 and trust acquisition payable includes US$100,000.

At December 31, 2022, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the year would have been $108,384 higher (lower). If the Canadian Dollar had weakened (strengthened) 10 percent against the Argentinean Peso with all other variables held constant, the net loss for the year would have been $31,030 lower (higher). If the Canadian Dollar had weakened (strengthened) 10 percent against the Argentinean Peso with all other variables held constant, the other comprehensive loss for the year would have been $2,601,135 lower (higher).

14. Capital Disclosures

The Company includes equity, comprised of issued capital, share-based payment reserves, cumulative translation reserve and deficit, in the definition of capital, which totaled $10,412,813 (December 31, 2021 - $11,117,311).

The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's assets and ensure the Company's ability to continue as a going concern;

(ii) to raise sufficient capital to finance its exploration and development activities on its mineral properties; and

(iii) to raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's short-term working capital requirements, and its planned exploration and development program expenditure requirements. As the Company is in the exploration and evaluation stage, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its existing working capital and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the years ended December 31, 2022 and 2021.

15. Segment Reporting

The Company's non-current assets and net loss relate to the following areas:

	As at December 31, 2022			As at December 31, 2021		
	Canada	Argentina	Total	Canada	Argentina	Total
Non-current assets	$ -	$27,513,327	$27,513,327	$ -	$18,906,790	$ 18,906,790
Current assets	$ 615,553	$ 2,967,145	$ 3,582,698	$ 979,795	$ 2,209,626	$ 3,189,421
Non-current liabilities	$ -	$19,720,687	$19,720,687	$ -	$ 9,844,096	$ 9,844,096
Current liabilities	$ 130,665	$ 797,992	$ 928,657	$ 133,680	$ 965,996	$ 1,099,676
Working capital (deficiency)	$ 484,888	$ 2,169,153	$2,654,041	$ 846,115	$ 1,243,630	$ 2,089,745

	Year Ended December 31, 2022			Year ended December 31, 2021		
	Canada	Argentina	Total	Canada	Argentina	Total
Net loss	$ (809,584)	$(2,805,228)	$(3,614,812)	$ (290,410)	$(1,870,674)	$(2,161,084)

16. Commitments

On January 25, 2021, the services agreement with the Vice-President (Exploration) was renewed for a monthly fee of US$3,500 until January 24, 2022.

During the year ended December 31, 2022, the service agreement with the Vice-President (Exploration) was renewed for a monthly fee of US$3,500 until January 25, 2023.

Additional commitments related to the Company's mineral properties are disclosed in note 6.

17. South32 Limited Agreement

Earn-in Agreement

The Earn-in Agreement grants to South32 the right to acquire up to a 50.1% direct interest in MSA at the end of the earn-in period.

Under the Earn-in Agreement, South32 will provide up to $14 million in capital contributions to MSA over a period of 4 years, as follows: (i) not less than $3.5 million by December 31, 2020; (ii) not less than an aggregate of $7 million by December 31, 2021; (iii) not less than an aggregate of $10.5 million by December 31, 2022; and (iv) not less than an aggregate of $14 million by December 31, 2023. South32 has the right to withdraw at the end of each year. Once South32 has complied with its funding obligations, South32 may exercise its right to acquire a 50.1% direct interest in MSA by electing to subscribe for 10% of MSA's shares, in consideration for its funding, and acquire the remaining 40.1% of MSA's shares from MAI for a consideration of $14 million.

During the year ended December 31, 2022, MSA received payments translated for financial purposes at the period end exchange rate of $10,002,845 related to the third tranche payments. As at December 31, 2022, South32 invested a total of $18,751,325 (US$11,254,842) (2021 - $8,748,480 (US$6,766,888)) to the Earn-in Agreement. These payments have been deferred as a liability and represents a portion of the funding that will form the consideration for South32's investment in MSA, should South32 exercise its right to acquire a 50.1% direct interest in MSA as discussed above.

Subsequent to the year ended December 31, 2022, the Company announced South32 will fund Year 4 exploration program at the Chita Valley Project. South32 intends to fund the $9,100,000 Year 4 exploration budget and program.

Shareholders' Agreement

Upon the exercise of South32's right to acquire a 50.1% direct interest in MSA, the Company and South32 will sign a Shareholders' Agreement to govern the management and operation of MSA and, if warranted, further exploration, development and exploitation of the Chita Valley Project. The Shareholders' Agreement provides for the following phases.

17. South32 Limited Agreement (continued)

Prefeasibility Study Election – "PFS funding"

South32 may undertake to complete a prefeasibility study ("PFS"), in which case it shall be entitled to subscribe for 50.1% of MSA's shares and shall have the right to acquire an additional 19.9% in MSA as described below exercisable on completion of the PFS.

If South32 has elected to fund a PFS at the end of the earn-in period, then, on or before the fifth anniversary of that election, South32 must deliver a PFS that complies with National Instrument 43-101 and CIM Definition Standards on Mineral Resources and Reserves by funding a minimum amount of $55 million less any amount contributed during the earn-in period. Upon delivering the PFS, South32 may either elect to (i) pay to MAI $20 million to acquire 19.9% of MSA's shares or (ii) fund a bankable feasibility study ("BFS"), in which case it shall be entitled to subscribe for 19.9% of MSA's shares (such that in either case South32 shall, following the relevant election, own 70% of MSA's shares and Minsud shall own 30% of such shares).

If South32 opts to fund neither the BFS nor to purchase MSA's shares from MAI, its ownership in MSA will be reduced to 49.0% and MAI's interest shall be 51%.

Bankable Feasibility Study Election – "BFS funding"

If South32 has elected to fund a BFS, as long as such BFS is delivered on or before the third anniversary of that election and with effect from the BFS's date of approval by the Board of Director of MSA, South32 will have the sole, exclusive and irrevocable right to subscribe for, be issued and to acquire an additional 10% of the shares of MSA such that, in aggregate, it will hold 80% of the shares. If the BFS is delivered by South32 after the date which is the fourth anniversary but on or before the fifth anniversary of such election, the additional MSA shares to be issued and subscribed or acquired by South32 will be reduced to 5%. In this case, the aggregated participation will be 75%. If the BFS is delivered by South32 after the date which is the fifth anniversary but on or before the sixth anniversary of such election, South32's interest in MSA will remain at 70%. South32 must deliver a BFS that complies with National Instrument 43-101 and the CIM Definition Standards on Mineral Resources and Reserves.

Purchase Election

If South32 has elected to purchase MSA's shares from MAI at the end of the earn-in period, each party shall be obliged to contribute to approved annual programs and budgets in proportion to its participating interest. If a party does not elect to contribute, it will be diluted on a straight-line basis. In the case that the Company is reduced to less than ten percent (10%), it will be entitled to a two percent (2%) net smelter returns royalty on the Project in exchange for its remaining interest in MSA, pursuant to the terms of a royalty agreement.

17. South32 Limited Agreement (continued)

Purchase Election (continued)

In the five years following the purchase by South32 from MAI of MSA shares (pursuant to the elections referred to above), MAI will have a one-time right, exercisable by notice to South32, to elect not to contribute to the approved annual program and budget and to suspend dilution of its equity interest in MSA for the duration of such program while it seeks a third party to acquire its interest in MSA (the "sale period"). During the sale period, South32 will contribute 100% to any approved program and budget but, should Minsud fail to find a third-party buyer for its interest, the Company will have the right to claw back its participation as at the beginning of the sale period by paying 1.5 times the amount of the funding contributed by South32 during that period. Dilution will otherwise be applied retrospectively. Any shareholder holding at least 20% participation has a right of first refusal to match any third-party proposal.

18. Subsequent Events

i) On April 13, 2023, South32 has exercised its earn-in right to acquire a 50.1% ownership interest in Minera Sud Argentina S.A., Minsud's indirect Argentinian subsidiary that holds and operates the flagship Chita Valley Project.

In accordance with the terms of the earn-in agreement dated November 1, 2019, as amended between South32 and Minsud, South32 had the right to exercise its Earn-In Right upon advancing initial capital contributions to MSA of no less than C$14 million (the "South32 Initial Capital Contribution") for a period of four years in order to fund MSA's exploration programs. South32 advanced the South32 Initial Capital Contribution within a period of three years and has, in accordance with the Earn-In Agreement, exercised its Earn-In Right to acquire 50.1% of MSA.

Completion of South32's acquisition of 50.1% of the shares in MSA shall take place on the earlier of: (i) the completion of the Year 4 annual exploration program; and (ii) February 14, 2024.

At the time of Completion, MAI. and South32 will enter into a shareholders' agreement to govern the management and operation of MSA which will include further exploration and, if economically feasible, the development and exploitation of the Chita Valley Project (the "Shareholders' Agreement"). Until Completion, MAI shall continue to manage and operate MSA and, therefore, the Chita Valley Project.

18. Subsequent Events (continued)

ii) (continued)

As part of the exercise of the Earn-In Right the parties to the Earn-In Agreement have agreed to certain amendments to the Earn-In Agreement and the Shareholders' Agreement, including:

- The exercise of the Earn-In Right by South32 is confirmed and certain other optional earn-in rights in favour of South32 relating to the funding of a prefeasibility study and a bankable feasibility study are removed.
- MAI shall be entitled to elect, prior to Completion, whether South32's acquisition of the 50.1% stake in MSA will be effected by means of:
  (i) South32's subscription for MSA shares in consideration for the South32 Initial Capital Contribution (the "Cash In Option"); or
  (ii) a combination of a subscription for 10% of MSA shares combined with a sale of 40.1% of MSA shares from MAI to South32 (the "Cash Out Option").
- Previously, the Earn-In Agreement provided that on exercise of the Earn-In Right South32 would pay an amount of C$14 million to MAI (the "Transfer Price") which is in addition to the South32 Initial Capital Contribution. The amendments to the earn-In Agreement now provide that:
  (i) Whilst South32 has already committed to fund C$9.1 million for the Year 4 exploration program (of which C$2.6 million has already been contributed) 49.9% of the C$9.1 million Year 4 exploration program will now be funded by MAI by way of this amount being deducted from the Transfer Price;
  (ii) If MAI opts for the Cash Out Option, then South32 shall pay the balance of the Transfer Price to MAI on Completion and for a period of twenty-four (24) months from the date on which the Shareholders' Agreement is signed, and provided that MAI reinvests the balance of the Transfer Price in approved MSA programs and budgets, then MAI's 49.9% share in MSA shall not be diluted; and
  (iii) If MAI opts for the Cash In Option, then MAI will not be obliged to contribute any amount to an approved program and budget until the aggregate of the South32 Initial Capital Contribution and the amounts contributed and funded by South32 in respect of MSA approved programs and budgets following the South32 Initial Capital Contribution equals C$42 million.

ii) Additional subsequent events are disclosed in note 9 and 17.