GOLDEX RESOURCES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goldex Resources Corporation

Opinion

We have audited the consolidated financial statements of Goldex Resources Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of changes in shareholders' equity (deficit), comprehensive income (loss) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 5, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

GOLDEX RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT,
(Expressed in Canadian dollars)

	December 31, 2021	December 31, 2020
ASSETS		
CURRENT		
Cash	$ 182	$ 7,119
Accounts receivable (Note 5)	2,511	2,803
Prepaid expenses and deposits	256	177
	2,949	10,099
Right-of-use assets (Note 6)	-	1,783
Equipment (Notes 7 and 10)	-	1,307
Reclamation bond (Notes 8 and 10)	137,176	137,176
Exploration and evaluation assets (Notes 9, 10 and schedule)	1,291,466	1,277,032
	$ 1,431,591	$ 1,427,397
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	$ 373,172	$ 628,897
Lease liabilities (Note 12)	-	3,674
Due to related parties (Note 13)	683	411,479
Interest payable on convertible notes (Note 15)	-	321,590
Promissory notes payable (Note 14)	-	700,227
	373.855	2,065,867
Accounts payable (Note 11)	62,951	-
Promissory notes (Note 14)	189,793	-
Convertible notes (Note 15)	-	598,117
Loans payable (Note 16)	694,851	-
	1,321,450	2,663,984
SHAREHOLDERS' EQUITY (DEFICIT)		
Capital stock (Notes 15 and 17)	21,232,993	20,931,873
Reserves (Notes 16 and 18)	3,834,320	3,425,452
Warrant reserve (Note 18)	127,803	127,803
Equity portion of convertible notes (Note 15)	-	71,853
Deficit	(25,084,975)	(25,793,568)
	110,141	(1,236,587)
	$ 1,431,591	$ 1,427,397

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 23)

On behalf of the Board:

"Charles Ross" Director "James Ravannack" Director

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Shares issued	Capital stock	Reserves	Reserve - Warrants	Equity component of convertible notes	Deficit	Total
Balance at December 31, 2019	13,867,036	$ 20,787,750	$ 3,425,452	$ 131,926	$ 76,682	$ (25,519,774)	$ (1,097,964)
Shares issued for cash (Note 17)	1,000,000	50,000	-	-	-	-	50,000
Share issue cost (Note 17)	-	(1,000)	-	-	-	-	(1,000)
Warrants exercised (Note 17)	500,000	54,123	-	(4,123)	-	-	50,000
Conversion of debentures (Notes 15 and 17)	410,000	41,000	-	-	(4,829)	-	36,171
Loss for the year	-	-	-	-	-	(273,794)	(273,794)
Balance at December 31, 2020	15,777,036	20,931,873	3,425,452	127,803	71,853	(25,793,568)	(1,236,587)
Warrants exercised (Note 17)	500,000	35,000	-	-	-	-	35,000
Shares issued conversion of interest (Notes 15 and 17)	3,326,500	266,120	-	-	-	-	266,120
Gain on extinguishment of related party debt (Note 16)	-	-	408,686	-	-	-	408,686
Rallocation of equity portion of convertible debentures on maturity (Note 15)	-	-	-	-	(71,853)	71,853	-
Income for the year	-	-	-	-	-	636,740	636,740
Balance at December 31, 2021	19,603,536	$ 21,232,993	$ 3,834,320	$ 127,803	$ -	$ (25,804,975)	$ 110,141

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Canadian dollars)

	2021	2020
EXPENSES		
Amortization (Notes 6 and 7)	$ 3,090	$ 13,370
Interest expense (Notes 12, 13, 14 and 15)	144,792	113,956
Management fees (Note 13)	96,000	96,000
Office and administrative	8,640	3,751
Professional fees (Note 13)	32,316	62,983
Transfer agent and filing fees	13,448	12,279
Travel and promotion	560	686
	(298,846)	(303,025)
OTHER ITEMS		
Foreign exchange gain	4,398	22,307
Bad debt expense	-	(2,013)
Gain on settlement of debt (Notes 15 and 17)	66,530	-
Gain on debt extinguishment (Notes 11, 14, 15 and 16)	864,657	-
Write-off of accounts payable	-	8,937
	935,586	29,231
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 636,740	$ (273,794)
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ 0.03	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	18,551,183	15,031,803

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Canadian dollars)

	2021	2020
OPERATING ACTIVITIES		
Net income (loss) for the year	$ 636,740	$ (273,794)
Items not affecting cash:		
Amortization	3,090	13,370
Accrued interest	144,792	113,956
Accrued management fees	96,000	96,000
Bad debt expense	-	2,013
Foreign exchange gain	(102)	(9,536)
Gain on settlement of debt	(66,530)	-
Gain on debt extinguishment	(864,657)	-
Write-off of accounts payable	-	(8,937)
Change in non-cash working capital items:		
Accounts receivable	5,092	7,759
Prepaid expenses and deposits	(79)	3
Accounts payable and accrued liabilities	(22,231)	16,564
Net cash used in operating activities	(67,885)	(42,602)
FINANCING ACTIVITIES		
Shares issued for cash	35,000	100,000
Share issue cost	-	(1,000)
Lease payments	(3,859)	(15,435)
Advances from (repayments to) related parties	29,807	(40,653)
Net cash provided by financing activities	60,948	42,912
CHANGE IN CASH FOR THE YEAR	(6,937)	310
CASH – BEGINNING	7,119	6,809
CASH– ENDING	$ 182	$ 7,119

Supplementary disclosure with respect to cashflows (Note 19)

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED SCHEDULE OF EXPLORATION AND EVALUATION ASSET EXPENDITURES
(Expressed in Canadian dollars)

	For the year ended December 31, 2021		
	Opening balance	2021 expenditures	Ending balance
El Pato, Las Minas, Silimanita, San Juan – Guatemala			
Acquisition of Minera	$ 1,715,402	$ -	$ 1,715,402
Additional consideration	396,000	-	396,000
	2,111,402	-	2,111,402
Deferred exploration costs	4,231,193	14,434	4,245,627
Impairment	(5,065,563)	-	(5,065,563)
Total	$ 1,277,032	$ 14,434	$ 1,291,466

	For the year ended December 31, 2020		
	Opening balance	2020 expenditures	Ending balance
El Pato, Las Minas, Silimanita, San Juan - Guatemala			
Acquisition of Minera	$ 1,715,402	$ -	$ 1,715,402
Additional consideration	396,000	-	396,000
	2,111,402	-	2,111,402
Deferred exploration costs	4,215,838	15,355	4,231,193
Impairment	(5,065,563)	-	(5,065,563)
Total	$ 1,261,677	$ 15,355	$ 1,277,032

Details of deferred exploration costs are as follows:

	Year ended December 31, 2021	
	El Pato	Total
Salaries and benefits	$ 14,434	$ 14,434
	$ 14,434	$ 14,434

	Year ended December 31, 2020	
	El Pato	Total
Salaries and benefits	$ 15,355	$ 15,355
	$ 15,355	$ 15,355

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Goldex Resources Corporation (the "Company") was incorporated on April 16, 1987 under the laws of British Columbia. The Company's head office is at 610 – 700 West Pender Street, Vancouver, B.C., Canada, V6C 1G8. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol GDX.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

The Company is engaged in the acquisition and exploration of gold exploration and evaluation assets. The recoverability of carrying amounts for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying exploration and evaluation assets, the ability of the Company to obtain necessary financing to complete exploration and development, achievement of future profitable production or proceeds from the disposition thereof. The Company has not determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable.

These consolidated financial statements have been prepared under the going concern assumption which contemplates the Company will continue operations and realize the carrying value of its assets and discharge its liabilities in the normal course of business. Should the going concern assumption not continue to be appropriate, adjustments to recorded values may be required. At December 31, 2021, the Company had a working capital deficit of $370,906 (2020 – $2,055,768) and accumulated deficit of $25,084,975 (2020 - $25,793,568). The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional capital through the sale of shares or other sources as required to fund ongoing exploration activities and operating losses and ultimately on generating future profitable operations. The Company will need to raise capital to continue operations through its next fiscal year. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The future impact on the Company's ability to raise funding to carry out its business operations is not currently determinable but management continues to monitor the situation.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Board of Directors on May 5, 2022.

Basis of presentation
The consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation
The consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiaries Goldex Resources Mexico S.A. ("Goldex Mexico") incorporated in Mexico, Compania Minera El Condor S.A ("Minera"), Union de Oriente, Sociedad Anonima and El Pato Gt, S.A, ("El Pato Gt") incorporated in the Republic of Guatemala, and NCS Mercantile Corp. ("NCS") incorporated in Barbados. All inter-company transactions and balances have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions
The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

Transactions and balances:
Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

Significant accounting estimates
The preparation of these consolidated financial statements requires management to make estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Actual results may differ from these estimates.

Significant areas requiring the use of estimates and assumptions relate to determination of useful lives of equipment, the valuation of exploration and evaluation assets, the valuation of provisions, stock-based compensation, fair value of financial instruments, and deferred income taxes.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

Equipment
Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets. Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. The amortization rates applicable to each category of equipment are as follows:

Class of Equipment	**Depreciation rate**
Computer hardware and software	30% to 55% declining balance
Furniture and fixtures	20% declining balance
Right-of-use asset	Term of lease

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

The Company had no rehabilitation obligations as at December 31, 2021 and 2020.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company had no other provisions as at December 31, 2021 and 2020.

Stock-based compensation

The share option plan allows Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as stock-based compensation expense with a corresponding increase in the share based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to capital stock and the fair value of the options is reclassified from the share based payment reserves to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based compensation (cont'd...)
The Company accounts for the granting of stock options and direct awards of stock to employees, directors and non-employees using the fair value method whereby all awards will be recorded at fair value on the date of grant. Stock based compensation awards are calculated using the Black-Scholes Option Pricing Model. Compensation expense is recognized immediately for past services and pro rata for future services over the options vesting period with a corresponding increase in reserves.

Income taxes
Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the asset and liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

Loss per share
The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets
The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows

The Company classifies its financial assets into one of the following categories as follows:

Amortized cost
The Company classifies its financial assets at amortized cost only if both of the following conditions are met:
- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (cont'd...)

Fair value through other comprehensive income ("FVTOCI")
The Company classifies its equity investments at FVTOCI which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

Fair value through profit or loss ("FVTPL")
The Company classifies the following financial assets at FVTPL:
- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVTOCI; and
- derivative financial instruments.

Financial liabilities
The Company classifies its financial liabilities as subsequently measured at amortized cost or FVTPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVTPL such as derivative financial instruments and contingent consideration payables. The FVTPL option can be elected for financial liabilities if:
- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at FVTPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.

De-recognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms or substantially modifies the terms of an existing liability, such exchange or modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Compound financial instruments
Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. On expiry, the Company reallocates the equity componenty of the financial instrument directly to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (cont'd...)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

The criteria used to determine risk of default and to estimate expected credit losses include:

- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

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

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Due to related parties	Amortized cost
Promissory notes	Amortized cost
Convertible notes	Amortized cost
Loans payable	Amortized cost

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards, amendments to existing standards and interpretations have been issued but have future effective dates that are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

5. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
Sales taxes recoverable	$ 1,885	$ 1,924
Due from related party	-	189
Trade receivables	626	690
	$ 2,511	$ 2,803

6. RIGHT-OF-USE ASSETS

	Premise Lease
Balance, December 31, 2019	$ 18,624
Amortization	(11,772)
Modification	(5,069)
Balance, December 31, 2020	1,783
Amortization	(1,783)
Balance, December 31, 2021	$ -

7. EQUIPMENT

	Computer Hardware
Cost:	
At December 31, 2019 and 2020 and December 31, 2021	$ 6,819
Amortization:	
At December 31, 2019	3,914
Amortization for the year	1,598
At December 31, 2020	5,512
Amortization for the year	1,307
At December 31, 2021	$ 6,819
Net book value:	
At December 31, 2020	$ 1,307
At December 31, 2021	$ -

8. RECLAMATION BOND

During the year ended December 31, 2017, the Company posted a reclamation bond for $137,176 (800,000 Guatemalan Quetzales) in favour of the Ministry of Environment and Natural Resources of Guatemala for the El Pato property. The bond remains outstanding.

9. EXPLORATION AND EVALUATION ASSETS

(a) El Pato Property, Guatemala

The Company owns 100% of the mineral title and rights to explore and extract minerals from a mineral property known as the El Pato Property in Guatemala. The Company has applied for a 25-year exploitation license on the El Pato Property, extendable for an additional 25 years.

The El Pato Property is subject to the following: i) A royalty fee of $1 US per ounce of gold produced; and ii) a 1% Net Smelter Royalty ("NSR") payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala).

(b) Las Minas (formerly Cerro Las Minas), Guatemala

In March 2011 a private company applied for an initial 3 year exploration licence on the property and entered into an agreement with the Company to assign its rights under the exploration licence to the Company. The private company's licence may be extended for two additional 2-year periods; and subsequently converted to a 25-year exploitation license, extendable for an additional 25 years.

The Las Minas Property is subject to the following: i) a royalty fee of $1 US per ounce of gold produced; and ii) a 1% NSR payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala). During the year ended December 31, 2017, the Company relinquished this license as the license area is included in the Silimanita license described in Note 9c.

(c) Silimanita (formerly El Morro) and San Juan (formerly El Mojon), Guatemala

On June 9, 2008, the Guatemalan Ministry of Energy and Mines granted Minera an exploration licence for the area of El Morro. In February 2009 Minera applied to extend the area of the El Morro licence to 100 square kilometres to reacquire 12 of the 15 square kilometres relinquished in the Cerro Las Minas extension application. On October 27, 2008, the Guatemalan Ministry of Energy and Mines granted Minera an exploration licence for the area of El Mojon.

During the year ended December 31, 2015, the Company relinquished the licences. Concurrently a private company applied for an initial 3 year exploration licence on the properties under the names Silimanita and San Juan and entered into an agreement with the Company to assign its rights under the exploration licences to the Company. The private company's licences may be extended for two additional 2-year periods; and subsequently converted to a 25-year exploitation license, extendable for an additional 25 years.

The Silimanita and San Juan properties are subject to a 1% NSR payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala).

(Expressed in Canadian dollars)

10. SEGMENTED INFORMATION

The Company determines its reportable segments based on geography.

	December 31, 2021	December 31, 2020
Current Assets		
Canada	$ 2,599	$ 5,074
Guatemala	350	5,025
Total	$ 2,949	$ 10,099
Exploration and evaluation assets - Guatemala	$ 1,291,466	$ 1,277,032
Reclamation bond - Guatemala	$ 137,176	$ 137,176
Equipment - Canada	$ -	$ 1,307
Total liabilities		
Canada	$ 1,009,510	$ 2,091,786
Guatemala	235,457	495,715
Mexico	73,586	73,586
Barbados	2,897	2,897
Total	$ 1,321,450	$ 2,663,984

	Year ended December 31, 2021	2020
Comprehensive income (loss)		
Canada	$ 522,974	$ (254,343)
Guatemala	113,766	(19,451)
Total	$ 636,740	$ (273,794)

	Year ended December 31, 2021	2020
Gain on debt extinguishment		
Canada	$ 770,936	$ -
Guatemala	93,721	-
Total	$ 864,657	$ -

Interest expense, amortization and gain on settlement of debt were all recognized in Canada.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Current accounts payable and accrued liabilities

	December 31, 2021	December 31, 2020
Trade payables	$ 117,357	$ 134,505
Due to related party	6,825	8,925
Accrued liabilities	248,990	485,467
	$ 373,172	$ 628,897

(Expressed in Canadian dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

Long-term accounts payable

	Long-term Acccounts Payable
Balance, December 31, 2020	$ -
Principal balance of long-term accounts payable	156,672
Gain on debt extinguishment	(93,721)
Balance, December 31, 2021	$ 62,951

On December 31, 2021, two vendors agreed to extend the date of repayment of their accounts payable balances owing from the Company until December 31, 2026. In order to calculate the present value of the loan, the Company applied a discount rate of 20% which was similar to comparable borrowing arrangements in the marketplace. The financing benefit resulting from recognition of a discount on recognition of the long-term payable amounts has been valued at $93,721 and recorded as gain on extinguishment of debt. As at December 31, 2021, the carrying value of the long-term balance of accounts payable was $62,951 (2020 - $nil).

12. LEASE LIABILITIES

	Premise Lease
Balance, December 31, 2019	$ 22,378
Finance cost	1,800
Modification	(5,069)
Payments	(15,435)
Balance, December 31, 2020	3,674
Finance cost	185
Payments	(3,859)
Balance, December 31, 2021	-
Less: Current	-
Non-current	$ -

The lease liabilities were discounted at a discount rate of 12% as at January 1, 2019.

13. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, the Company entered into the following transactions with related parties:

a) The Company incurred management fees of $96,000 (2020 - $96,000) to a company controlled by the President of the Company.
b) The Company incurred interest expense of $1,204 (2020 - $374) on a short-term loan payable to a company controlled by the President of the Company.
c) The Company incurred professional fees of $16,084 (2020 –$16,596) to a company controlled by the CFO of the Company.
d) The Company incurred interest expense of $2,958 (2020 - $3,177) on a promissory note payable to a company controlled by a director of the Company (Note 14).
e) The Company incurred interest expense of $151 (2020 - $111) on a promissory note payable to a company controlled by a director of the Company (Notes 14 and 16).
f) On December 31, 2021, the Company entered into a loan agreement with a company controlled by the President of the Company to exchange amounts owing for loan, accrued fees, expenses, and accumulated interest of $539,331 into a loan payable on December 31, 2026 (Notes 14 and 16).
g) On December 31, 2021, the Company entered into a loan agreement with a director of the Company to exchange amounts owing for expenses of $4,558 into a loan payable on December 31, 2026 (Notes 14 and 16).

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS (continued)

h) On December 31, 2021, the Company entered into a loan agreement with a company controlled by a director of the Company to exchange amounts owing for principal and accrued interest on two promissory notes of $53,084 and $85,180 into a loan payable on December 31, 2026 (Notes 14 and 16).

i) On December 31, 2021, the Company entered into a loan agreement with a company controlled by a director of the Company to exchange promissory note principal of $2,357 into a loan payable on December 31, 2026 (Notes 14 and 16).

Amounts due to related parties are as follows:

	December 31, 2021	December 31, 2020
Due to related parties:		
President and companies controlled by the President for management fees, expenses and accumulated interest	$ 683	$ 405,571
President and companies controlled by the President for expenses[1]	-	1,266
Director and companies controlled by a director for expenses	-	4,642
	$ 683	$ 411,479
Promissory notes payable (Note 14):		
Director and companies controlled by a director for principal [1]	$ -	$ 39,329
Director and companies controlled by a director for interest	-	13,270
Director and companies controlled by a director for principal	-	85,183
	$ 2,357	$ 137,782

[1] These amounts are subject to 8% interest per annum, unsecured and have no fixed terms of repayment.

14. PROMISSORY NOTES

(a) During the year ended December 31, 2016, the Company received advances under a promissory note from a company controlled by a director in the amount of US$19,950. The note is unsecured, bears interest at a rate of 8% per annum, and has no fixed terms of repayment. During the year ended December 31, 2017, the Company received additional advances amounting to US$9,455. During the year ended December 31, 2021, the Company recorded interest expense of $2,958 (2020 - $3,177). On December 31, 2021, the outstanding principal and interest of $53,084 was exchanged for a loan payable maturing on December 31, 2026 (Note 16). As at December 31, 2021, principal and interest of $nil (2020 - $50,315) was due on the note.

(b) During the year ended December 31, 2016, the Company issued a promissory note totalling US$15,000 to a third party. During the year ended December 31, 2017, the Company received additional advances amounting to US$22,500. The note is payable on demand and bears interest at a rate of 8% per annum. During the year ended December 31, 2019, the Company received further advances of US$25,000. During the year ended December 31, 2021, the Company recorded interest expense of $6,288 (2020 - $6,753). On December 31, 2021, the outstanding principal and interest of $105,547 was exchanged for a loan payable maturing on December 31, 2026 (Note 16). As at December 31, 2021, principal and interest of $nil (2020 - $99,630) was due on the note.

(c) During the year ended December 31, 2017, the Company issued a promissory note totalling $125,000 to a third party. The note is payable on demand and bears interest at a rate of 8% per annum. During the year ended December 31, 2018, the Company received additional $93,045 advances. During the year ended December 31, 2021, the Company recorded interest expense of $17,444 (2020 - $17,491). On December 31, 2021, the outstanding principal and interest of $290,376 was exchanged for a loan payable maturing on December 31, 2026 (Note 16). As at December 31, 2021, principal and interest of $nil (2020 - $272,932) was due on the note.

(Expressed in Canadian dollars)

14. PROMISSORY NOTES (continued)

(d) During the year ended December 31, 2017, the Company issued a promissory note totalling Q520,000 (Guatemalan Quetzales) to a related party. The note is payable on demand and bears no interest. On December 31, 2021, the outstanding principal and interest of $85,180 was exchanged for a loan payable maturing on December 31, 2026 (Note 16). As at December 31, 2021, principal of $nil (2020 - $85,183) was due on the note.

(e) During the year ended December 31, 2018, the Company issued a promissory note totalling $1,418 to a related party. The note is payable on demand and bears interest at a rate of 8% per annum. During the year ended December 31, 2019, the Company received further advances of $473 on the loan. During the year ended December 31, 2021, the Company recorded interest expense of $151 (2020 - $111). On December 31, 2021, the outstanding principal and interest of $2,357 was exchanged for a loan payable maturing on December 31, 2023 (Note 16). As at December 31, 2021, principal and interest of $nil (2020 - $2,206) was due on the note.

(f) During the year ended December 31, 2016 the Company issued a promissory note totalling US$2,005 to a third party. The note is payable on demand and is non-interest bearing. During the year ended December 31, 2017, the Company received additional advances from the third party in the amount of US$135,321. During the year ended December 31, 2018, the Company received additional advances of US$11,874. During the year ended December 31, 2021, the Company received further advances of US$71,980. On December 31, 2021, the Company entered into an agreement to defer the repayment to December 31, 2023. In order to calculate the present value of the loan, the Company applied a discount rate of 20% which was similar to comparable borrowing arrangements in the marketplace. The financing benefit resulting from recognition of a discount at inception of the new loan, has been valued at $90,619 and recorded as gain on extinguishment of debt. As at December 31, 2021, the carrying value of the loan was $189,793 (2020 - $189,961).

		Promissory Notes
Balance, December 31, 2019	$	682,271
Accrued interest		27,532
Effect of foreign exchange		(9,576)
Balance, December 31, 2020		700,227
Accrued interest		26,841
Effect of foreign exchange		(1,368)
Exchanged for loan payable (Note 16)		(536,544)
Advances received (US$71,980)		91,256
Gain on extinguishment of debt		(90,619)
Balance, December 31, 2021	$	189,793

15. CONVERTIBLE NOTES

On April 15, 2016, the Company issued $1,345,000 in convertible units. Each convertible unit consisting of one convertible secured note and one transferable detachable warrant. Each noteholder has the right to convert the principal amount of the convertible secured note into common shares of the Company for a period of five years after the date of issuance at a conversion price of $0.10 per common share. The warrants are exercisable at $0.10 per common share for five years from the date of issuance. The convertible secured notes have an interest rate of 8% per annum and have a maturity date of five years from closing. The conversion price of interest will be determined by the market price of the Company’s common shares at the time of settlement.

(Expressed in Canadian dollars)

15. CONVERTIBLE NOTES (continued)

The Company classified the notes into debt and equity components based on the residual method. The debt component of $1,028,141 was calculated as the present value of the required interest and principal payment that would have been applicable to non-convertible debt using a market rate of 15% per annum. An amount of $158,429 representing the estimated value of the right of conversion was included in shareholders' equity as the equity component of convertible notes, and included in warrant reserves.

On May 29, 2017, convertible units in the amount of $220,000 were converted at $0.10 per unit into 2,200,000 shares.
On October 29, 2017, convertible units in the amount of $454,000 were converted at $0.10 per unit into 4,540,000 shares.
On December 12, 2018, convertible units in the amount of $20,000 were converted at $0.10 per unit into 200,000 shares.
On May 14, 2020, convertible units in the amount of $20,000 were converted at $0.10 per unit into 200,000 shares.
On July 20, 2020, convertible units in the amount of $21,000 were converted at $0.10 per unit into 210,000 shares.

During year ended December 31, 2021, the Company recorded interest expense of $48,800 (2020 - $50,308) on the notes. An additional $11,883 (2020 - $33,942) interest expense was recorded and accreted back to the carrying value of the notes.

During the year ended December 31, 2021, the Company issued 3,326,500 common shares at valued at $266,120 to settled accrued interest of $332,650, resulting in gain on settlement of debt of $66,530.

On April 15, 2021, the convertible debentures matured and the Company reclassified equity component related to the debt of $71,853 to deficit. On this date, the Company and debtholders agreed to extend the maturity date of the debentures to June 30, 2022. As the modification of the terms significantly impacted the timing of the related cash flows, the modification was determined to be an extinguishment of debt with the carrying balance of the convertible debentures derecognized and the present value of the amended debentures recognized on the statement of financial position with the related gain on debt extinguishment of $94,779 recorded in the statement of net income and comprehensive income.

During the year ended December 31, 2021, the outstanding principal ($610,000) and interest ($37,724) of the convertible debentures of $647,724 was exchanged for loans payable maturing on December 31, 2026 (Note 16).

		Convertible Notes
Balance, December 31, 2019	$	600,346
Accretion		33,942
Conversion, net of fair value of equity portion reallocated from reserve account of $4,829		(36,171)
Balance, December 31, 2020		598,117
Accretion of the convertible debentures under the original terms		11,883
Accretion of the convertible debentures under the modified terms		55,879
Interest accrued		37,724
Gain on debt extinguishment		(94,779)
Difference in the carrying value and face value removed on December 31, 2021 extinguishment		38,900
December debt extinguishment (Note 16)		(647,724)
Balance, December 31, 2021	$	-

16. LOANS PAYABLE

On December 31, 2021, the Company restructured its outstanding debt, including promissory notes and convertible notes into loans payable maturing on December 31, 2026 with principal an aggregate balance of $1,725,800. Promissory notes with an outstanding principal and interest amount of $534,187 (Note 14), convertible debentures with an outstanding principal and interest amounts of $647,724 (Note 15), due to related parties for accrued fees, expenses, loans, and interest of $543,838 (Note 13) were exchanged for loans payable. The loans bear interest at 8% per annum payable in arrears. The loans with an aggregate principal of $647,724 are secured and loans with an aggregate principal of $1,078,076 are unsecured.

(Expressed in Canadian dollars)

16. LOANS PAYABLE (continued)

On December 31, 2021, the Company restructured its outstanding debt, including a promissory notes and convertible notes into a loan payable maturing on December 31, 2023 with principal an aggregate balance of $2,357. The loan bears interest at 8% per annum payable in arrears and is unsecured.

The terms of the new debt instruments were substantially different to the original financial liabilities recognized and, as a result, the Company recognized new financial liabilities with a difference recognized as gain on debt extinguishment. The Company determined the effective rate on the loans payable to be 20% and the resulting carrying value of $694,851 recognized in the statement of financial position as at December 31, 2021. As a result, a gain on extinguishment of debt of $1,033,306 was recognized in the year ended December 31, 2021, with $408,686 of the gain relating to debt extinguished with related parties recognized in equity and the remaining $624,438 recognized in the statement of net income and comprehensive income.

	Loans Payable
Balance, December 31, 2020	$ -
Principal balance of loans payable	1,728,157
Gain on debt extinguishment with related parties recognized in equity	(408,686)
Gain on debt extinguishment with non-related parties recognized in comprehensive income	(624,438)
Balance, December 31, 2021	$ 694,851

17. CAPITAL STOCK

Authorized:

Unlimited common shares without par value.
100,000,000 preferred shares without par value (none issued).

Issued:

On April 16, 2021, the Company issued 3,326,500 common shares valued at $266,120 to settled accrued interest of $332,650, resulting in gain on settlement of debt of $66,530.

On March 4, 2021, the Company issued 500,000 shares upon exercise of warrants with an exercise price of $0.07 per share for cash proceeds of $35,000.

On July 27, 2020, the Company issued 500,000 shares upon exercise of warrants with an exercise price of $0.10 per share for cash proceeds of $50,000. The fair value the exercised warrants of $4,123 was transferred from reserves to capital stock.

On July 20, 2020, the Company issued 210,000 shares upon conversion of convertible notes in the amount of $21,000 (Note 15).

On May 14, 2020, the Company issued 200,000 shares upon conversion of convertible notes in the amount of $20,000 (Note 15).

On April 9, 2020, the Company completed a private placement comprised of 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000. Each unit consists of one common share of the Company and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one share at a price of $0.07 for a period five years expiring April 9, 2025. The full amount of the proceeds was attributed to the shares under the residual method, hence the value of the warrants was estimated at nil. The Company incurred share issuance costs of $1,000.

(Expressed in Canadian dollars)

17. CAPITAL STOCK (continued)

Stock options

On August 9, 2011, the Company's shareholders approved the adoption of a new incentive Stock Option Plan (the "New Plan") to allow the Company to grant options to directors, officers, employees and consultants. Options are to be exercisable over periods of up to 5 years as determined by the Board of Directors of the Company. Options are required to have an exercise price no less than the market price prevailing on the day that the option is granted, less any applicable discount permitted under the rules and policies of the TSX-V. The New Plan provides that the number of common shares which may be issued pursuant to options granted under the New Plan, together with all of the Company's other previously established or proposed share compensation plans, may not exceed 10% of the total number of issued and outstanding common shares of the Company. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis. The Board of Directors may prescribe, at the time of grant of a particular option, vesting provisions as they may deem appropriate and are in compliance with TSX-V Policies.

The following share options were outstanding and exercisable at December 31, 2021:

Exercise Price Per Share ($)	Expiry Date	Number of Options	Weighted Average Life Remaining (in Years)
0.50	November 1, 2022	780,000	0.84
0.55	November 1, 2022	150,000	0.84

Options transactions and the number of options outstanding are summarized as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price per Share ($)	Number of Options	Weighted Average Exercise Price per Share ($)
Balance - beginning of year	930,000	0.51	930,000	0.51
Expired / cancelled during the year	-	-	-	-
Balance – end of year	930,000	0.51	930,000	0.51

Warrants

The following warrants were outstanding at December 31, 2021:

Exercise Price Per Share ($)	Expiry Date	Number of Warrants	Weighted Average Life Remaining (in Years)
0.07	April 9, 2025	500,000	3.27

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price per Share ($)	Number of Warrants	Weighted Average Exercise Price per Share ($)
Balance - beginning of year	14,850,000	0.10	14,350,000	0.10
Granted in the year	-	-	1,000,000	0.07
Expired in the year	(13,850,000)	0.10	-	-
Exercised in the year	(500,000)	0.07	(500,000)	0.10
Balance – end of year	500,000	0.07	14,850,000	0.10

(Expressed in Canadian dollars)

18. RESERVES

Reserves consist of the Company's share-based payment reserve and contributed surplus. The share-based payment reserve records items recognized as stock-based compensation until such time that the stock option or other equity instrument are exercised, at which time the corresponding amount will be transferred to share capital.

The warrant reserve is comprised of the the estimated value of the private placement warrants issued by the Company.

19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Years ended December 31, 2021		2020	
Exploration expenditures included in accounts payable	$	35,861	$	112,271
Related party balances exchanged for loans payable	$	539,331	$	-
Promissory note exchanged for loans payable	$	536,544	$	-
Convertible notes exchanged for loans payable	$	647,724	$	-
Loans payable issued for related party debt, promissory and convertible notes, net of gain on extinguishment	$	694,851	$	-

20. RISK MANAGEMENT

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. The Company operates in the mineral exploration industry which is subject to environmental laws and regulations specific to countries in which exploration is conducted. Due to the diversity of these regulations compliance at all times cannot be assured. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company records liability for site restoration in the period of determination. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

Management of Financial Risk

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(Expressed in Canadian dollars)

20. RISK MANAGEMENT (continued)

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risk in respect to its cash accounts in the event that its counterparties do not meet their obligations. The risk in cash accounts is managed through the use of major financial institutions which have high credit quality as determined by the rating agencies. The Company's other exposure risk is on its accounts receivable. The risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they became due. To manage liquidity risk, the Company reviews additional sources of capital and replacement debt structures to continue its operations and discharge its commitments as they become due. As at December 31, 2021, the Company had a cash balance of $182 to settle current liabilities of $373,855. All of the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed as high.

	Payments Due by Period				
	Total	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Accounts payable and accrued liabilities	$ 436,123	$ 373,172	$ -	$ 62,951	$ -
Due to related parties	683	683	-	-	-
Promissory notes	189,793	-	189,793	-	-
Loans payable	694,851	-	1,637	693,214	-
	$ 1,321,450	$ 373,855	$ 191,430	$ 756,165	$ -

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

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. Current exploration activities occur in Guatemala. Therefore, the Company is subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. Currently the Company does not use any hedging or derivative instruments to reduce its exposure to foreign currency risk. The Company does not maintain significant cash or cash equivalents or other monetary assets or liabilities in these foreign countries.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no debt at floating rates and are therefore not exposed to interest rate risk.

Commodity price risk
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices, particularly gold. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk.

(Expressed in Canadian dollars)

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

22. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31,	
	2021	2020
Income (loss) before income taxes	$ 636,740	$ (273,794)
Corporate statutory tax rate	27%	27%
Expected tax expense (recovery) at statutory rates	171,920	(73,924)
Increase (decrease) resulting from:		
Difference in tax rates	(3,058)	352
Non-deductible expenses and other	(181,377)	2,042
Expiry of non-capital losses	-	691
Foreign exchange changes	(2,146)	37,732
True up of prior year balance	29,705	-
Change in unrecognized deferred tax assets	(15,044)	33,107
Income tax recovery	$ -	$ -

The nature of the tax effects of the temporary differences and the tax loss carry forwards giving rise to the deferred tax assets are summarized below:

	December 31, 2021	December 31, 2020
Deferred income tax assets		
Non-capital losses carried forward	$ 2,273,997	$ 2,241,271
Resource deductions	1,463,423	1,510,256
Equipment	4,725	4,372
Unrealized foreign exchange gain on account of capital	38,840	36,757
Other	96,816	100,189
Unrecognized deferred tax assets	$ 3,877,801	$ 3,892,845

The Company has Canadian non-capital loss carry-forwards of approximately $8,390,134 (2020 - $8,265,119) which can be applied to reduce future taxable income in Canada, and expire commencing in 2026. The Company has Mexican net operating loss carry-forwards of approximately $28,868 or 460,638 Pesos (2020 - $31,393 or 500,918 Pesos) and Barbados net operating loss carry-forwards of approximately $nil or US$nil (2020 – $10,846 or US$8,085) which can be applied to reduce future taxable income in Mexico and the Barbados respectively, and expire commencing in 2020.

23. SUBSEQUENT EVENT

In March, the Company received proceeds of $25,000 under a loan agreement dated December 31, 2021 (Note 16). The amounts bear interest at 8% per annum and are due on December 31, 2026.