

MIRASOL RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2019

(Unaudited – Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Mirasol Resources Ltd.**Condensed Consolidated Interim Statements of Financial Position***(Expressed in Canadian Funds, except where indicated)**As at December 31, 2019, and June 30, 2019*

	December 31, 2019	June 30, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,623,893	\$ 4,648,284
Short-term investments <i>(Note 3)</i>	16,312,408	16,836,008
Receivables and advances <i>(Note 4)</i>	153,309	458,707
	<u>18,089,610</u>	<u>21,942,999</u>
Non-Current Assets		
Equipment and software	186,521	201,041
Right of Use Assets <i>(Note 5)</i>	303,499	-
Exploration and Evaluation Assets	3,112,116	3,047,718
	<u>3,602,136</u>	<u>3,248,759</u>
Total Assets	\$ 21,691,746	\$ 25,191,758
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 277,894	\$ 430,239
Current portion of lease liabilities <i>(Note 5)</i>	82,718	-
Advances from JV Partner <i>(Note 9k)</i>	89,585	846,947
	<u>450,197</u>	<u>1,277,186</u>
Long-Term Liabilities		
Non-current portion of lease liabilities <i>(Note 5)</i>	232,815	-
Total Liabilities	\$ 683,012	\$ 1,277,186
EQUITY		
Share Capital	57,729,890	57,677,690
Reserves	17,500,811	17,354,426
Accumulated Other Comprehensive Loss	(26,372)	(25,742)
Deficit	(54,195,595)	(51,091,802)
	<u>21,008,734</u>	<u>23,914,572</u>
Total Liabilities and Equity	\$ 21,691,746	\$ 25,191,758

Nature of Business *(Note 1)***Commitments** *(Note 10)***Subsequent Events** *(Note 11)*

On Behalf of the Board:

“Norman Pitcher”

, Director

“Nick DeMare”

, Director

Mirasol Resources Ltd.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Six Months Ended December 31, 2019
(Expressed in Canadian Funds, except where indicated)

	For the Three Months Ended		For the Six Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Operating Expenses				
Exploration expenditures <i>(Note 6a i)</i>	\$ 908,084	\$ 174,808	\$ 1,764,750	\$ 546,884
Business development	108,487	198,538	202,883	369,701
Management fees <i>(Note 6a i)</i>	162,510	86,039	328,885	200,949
Marketing and investor communications	45,144	67,410	82,452	158,137
Office and miscellaneous	133,533	74,430	251,621	154,442
Share-based payments <i>(Note 7c ii, 7e)</i>	108,712	254,354	198,585	307,302
Professional fees	71,971	75,591	91,231	125,968
Director fees <i>(Note 6a iii)</i>	52,800	46,500	93,000	93,000
Travel	4,853	15,796	21,617	39,726
Transfer agent and filing fees	7,823	5,919	9,618	9,536
Depreciation	16,562	2,098	32,536	4,197
	(1,620,479)	(1,001,483)	(3,077,178)	(2,009,842)
Interest income	160,748	170,174	161,121	248,837
Interest expense	(12,033)	-	(24,383)	-
Foreign exchange (loss) gain	(275,990)	1,168,113	(163,353)	529,858
	(127,275)	1,338,287	(26,615)	778,695
Net (Loss) gain for the Period	\$ (1,747,754)	\$ 336,804	\$ (3,103,793)	\$ (1,231,147)
Other Comprehensive Gain				
Exchange differences on translation of foreign operations	5,894	7,986	2,632	3,979
Loss and Comprehensive Loss for the Period	\$ (1,741,860)	\$ 344,790	\$ (3,101,161)	\$ (1,227,168)
(Loss) Gain per Share (Basic and Diluted)	\$ (0.04)	\$ 0.01	\$ (0.06)	\$ (0.02)
Weighted Average Number of Shares Outstanding (Basic and Diluted)	54,100,671	50,380,309	54,079,775	49,461,374

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

Mirasol Resources Ltd.
Condensed Consolidated Interim Statement of Changes in Equity
For the Six Months ended December 31, 2019
(Expressed in Canadian Funds, except where indicated)

	<u>Share Capital</u>		Share-Based Payments Reserve \$	Accumulated Other Comprehensive (Loss) \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$				
Balance – June 30, 2018	53,822,628	57,426,143	16,615,061	(28,122)	(44,445,016)	29,568,066
Restricted share units issued	35,000	39,900	-	-	-	39,900
Restricted share units accrual	-	-	4,950	-	-	4,950
Option exercised	3,750	4,216	(916)	-	-	3,300
Share-based payments	-	-	262,451	-	-	262,451
Foreign currency translation adjustment	-	-	-	(3,979)	-	(3,979)
Loss for the period	-	-	-	-	(1,231,147)	(1,231,147)
Balance – December 31, 2018	53,861,378	57,470,259	16,881,546	(32,101)	(45,676,163)	28,643,541
Balance – June 30, 2019	54,033,878	57,677,690	17,354,426	(25,742)	(51,091,802)	23,914,572
Restricted share units issued (Note 7e)	90,000	52,200	(16,274)	-	-	35,926
Share-based payments (Note 7c)	-	-	162,659	-	-	162,659
Foreign currency translation adjustment	-	-	-	(630)	-	(630)
Loss for the period	-	-	-	-	(3,103,793)	(3,103,793)
Balance – December 31, 2019	54,123,878	57,729,890	17,500,811	(26,372)	(54,195,595)	21,008,734

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

Mirasol Resources Ltd.
Condensed Consolidated Interim Statement of Changes in Cash Flows
For the Six Months Ended December 31, 2019
(Expressed in Canadian Funds, except where indicated)

	2019	2018
Operating Activities		
Loss for the period	\$ (3,103,793)	\$ (1,231,147)
Adjustments for:		
Share-based payments	198,585	307,302
Interest income	(161,121)	(248,837)
Interest expense	24,383	-
Depreciation	32,536	4,197
Depreciation included in exploration expenses	27,260	14,711
Unrealized foreign exchange	163,353	(139,222)
	(2,818,797)	(1,292,996)
Changes in non-cash working capital items:		
Receivables and advances	19,521	(25,344)
Accounts payable and accrued liabilities	(152,345)	(146,077)
Advance from joint venture partner	(775,513)	136,718
Cash used in operating activities	(3,727,134)	(1,327,699)
Investing Activities		
Short-term investments	523,600	2,782,551
Acquisition of exploration and evaluation assets	(64,398)	-
Purchase of equipment	(16,266)	(102,353)
Interest received	446,998	154,521
Cash provided by investing activities	889,934	2,834,719
Financing Activity		
Lease payments	(41,359)	-
Effect of Exchange Rate Change on Cash and Cash Equivalents	(145,832)	135,243
Change in Cash and Cash Equivalents	(3,024,391)	1,645,563
Cash and Cash Equivalents - Beginning of Period	4,648,284	2,892,948
Cash and Cash Equivalents - End of Period	\$ 1,623,893	\$ 4,538,511
Cash and Cash Equivalents Consist of:		
Cash	\$ 1,623,893	\$ 4,417,375
Cash equivalents	\$ -	\$ 121,136
	\$ 1,623,893	\$ 4,538,511

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

Mirasol Resources Ltd.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended December 31, 2019

(Expressed in Canadian Funds, except where indicated)

1. Nature of Business

Mirasol Resources Ltd. ("Mirasol" or the "Company") is incorporated under the laws of the Province of British Columbia, Canada. The Company's corporate registered and records office is located at 400 – 725 Granville Street, Vancouver, British Columbia and the head office is located at 1150-355 Burrard Street, Vancouver, British Columbia.

Mirasol engages in the acquisition and exploration of mineral properties, principally located in Chile and Argentina, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recovery of the Company's exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. While the Company has been successful in the past with its financing efforts, there can be no assurance that it will be able to do so in the future.

Management estimates that the Company has sufficient working capital to maintain its operations and activities for at least the next twelve months.

2. Basis of Presentation

Statement of compliance

The condensed consolidated interim financial statements of the Company 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 condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2019.

The Board of Directors approved the condensed consolidated interim financial statements on February 26th, 2019.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis. Financial instruments classified as financial instruments at fair value through profit or loss are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Mirasol Resources Ltd.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended December 31, 2019

(Expressed in Canadian Funds, except where indicated)

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended June 30, 2019.

Recent Accounting Adoption

On July 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for each of its leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at January 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount, plus prepaid lease payments made by the Company. The Company has implemented the following accounting policies permitted under the new standard:

- a) leases of low dollar value will continue to be expensed as incurred; and
- b) the Company will not apply any grandfathering practical expedients.

As at July 1, 2019 the Company recognized \$332,509 in right-of-use assets and \$332,509 of incremental lease obligations.

The lease liabilities were discounted at a discount rate of 15% as at July 1, 2019.

New accounting policy for leases under IFRS 16

The following is the accounting policy for leases as of July 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)*

- a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee;
- d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

3. Short-term Investments

Short-term investments comprise cashable and non-cashable Guaranteed Investment Certificates ("GIC") placed with major Canadian and US financial institutions. Maturity dates of these GIC's are between three to twelve months.

4. Receivables and Advances

	December 31, 2019	June 30, 2019
Goods and services tax receivable	\$ 3,617	\$ 6,745
Interest receivable	35,089	324,760
Prepaid expenses and advances	114,603	127,202
	<u>\$ 153,309</u>	<u>\$ 458,707</u>

5. Right of Use of Assets and Lease Liabilities*Right of Use Assets*

Cost:

At June 30, 2019

	Leases
\$	-

Adjustment on initial adoption of IFRS 16 (Note 2)

332,509

At December 31, 2019

332,509

Depreciation:

At June 30, 2019

-

Charge for the period

29,010

At December 31, 2019

29,010

Net Book Value:

At June 30, 2019

-

At December 31, 2019

303,499

Depreciation of right-of-use assets is calculated using the straight-line method of the remaining lease term.

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)*Lease Liabilities

Lease liabilities recognized as of June 30, 2019	\$	332,509
Lease payments made		(41,359)
Interest expense on lease liabilities		24,383
		315,533
Less: current portion		(82,718)
At December 31, 2019		232,815

6. Related Party Transactions

Details of the transactions between the Company's related parties are disclosed below.

a) Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of management and independent directors was as follows:

	For the Three Months Ended		For the Six Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Management compensation (i)	\$ 98,866	\$ 126,717	\$ 201,280	\$ 253,041
Share-based payments (ii)	68,032	148,435	128,385	195,557
Director's fees (iii)	46,500	46,500	93,000	93,000
	\$ 213,398	\$ 321,652	\$ 422,665	\$ 541,598

- i. Management compensation is included in management fees (December 31, 2019 ("2019") - \$150,000; December 31, 2018 ("2018") - \$149,810) and in exploration expenditures (2019 - \$51,280; 2018 - \$103,230) in the Company's condensed consolidated interim statements of loss and comprehensive loss.
- ii. Share-based payments is included in the share-based payments expense in the Company's condensed consolidated interim statements of loss for the three and six months ended December 31, 2019 and 2018.
- iii. The independent directors of the Company are paid \$2,100 per month (2018 - \$2,100 per month) while the Chairman of the Board of Directors receives an additional \$7,100 per month for serving in this capacity (2018 - \$7,100).

b) Transactions with other related parties

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's directors and officers:

	Nature of transactions
Miller Thomson	Legal fees
Chase Management Ltd.	Professional fees
Manning Lee Management Ltd.	CFO services

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)*

The Company incurred the following fees and expenses with related parties as follows:

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2019	2018	2019	2018
Legal fees	\$ 26,431	\$ 76,773	\$ 61,093	\$ 128,854
CFO services	13,500	14,175	27,000	28,350
Project generation, exploration expenses and GIS services	-	229,100	-	478,179
Office sharing and administration	-	12,474	-	25,809
	\$ 39,931	\$ 332,522	\$ 88,093	\$ 661,192

Included in accounts payable and accrued liabilities at December 31, 2019, is an amount of \$24,462 (2018 - \$201,551) owing to directors and officers of the Company and to companies where the directors and officers are principals.

7. Share Capital**a) Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

b) Reconciliation of Changes in Share Capital**i. Financings**

No financings were conducted during the six months ended December 31, 2019.

ii. Options exercised

No options were exercised during the six months ended December 31, 2019.

c) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price on the TSXV on the day preceding the date of grant. The vesting terms for each grant are set by the Board of Directors.

The option plan provides that the aggregate number of shares reserved for issuance under the plan shall not exceed 10% of the total number of issued and outstanding shares. At December 31, 2019, a total of 5,412,388 options were reserved under the option plan with 4,375,000 options outstanding.

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)***i. Movements in share purchase options during the period**

A summary of the Company's share purchase options and the changes for the period are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as at June 30, 2018	3,065,826	\$1.67
Granted	1,420,000	\$1.21
Exercised	(51,250)	\$0.90
Expired / Forfeited	(722,700)	\$1.60
Options outstanding as at June 30, 2019	3,711,876	\$1.52
Granted	1,410,000	\$0.52
Forfeited	(40,000)	\$1.29
Expired / Forfeited	(706,876)	\$2.46
Options outstanding as at December 31, 2019	4,375,000	\$1.05
Options exercisable at December 31, 2019	2,538,750	\$1.30

ii. Fair value of share purchase options granted

During the three and six months ended December 31, 2019, the Company recognized share-based compensation expense of \$104,324 and \$162,659, respectively (December 31, 2018 - \$156,555 and \$209,503 respectively) based on the fair value of the vested portion of options granted in the current and prior years.

On November 08, 2019, the Company issued 1,410,000 incentive share purchase options to certain officers, employees and consultants of the Company. The options are exercisable at \$0.52 for a period of three years from the date of grant.

The weighted-average fair values of stock options granted and the assumptions used to calculate the related compensation expense have been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Expected dividend yield	0.0%
Expected share price volatility	88.75%
Risk-free interest rate	1.60%
Expected life of options	3 years
Fair value of options granted (per share option)	\$0.52

iii. Share purchase options outstanding at the end of the period

A summary of the Company's options outstanding as at December 31, 2019 is as follows:

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)*

Expiry Date	Exercise price \$	Options Outstanding	Weighted Average Remaining Life of Options (years)	Options Exercisable
April 29, 2021	0.88	505,000		505,000
April 29, 2021	1.38	255,000		255,000
September 12, 2021	1.80	150,000		110,000
September 12, 2020	1.80	150,000		150,000
December 19, 2020	1.61	180,000		180,000
December 20, 2020	1.65	330,000		330,000
July 18, 2021	1.76	60,000		60,000
December 14, 2021	1.10	372,500		372,500
January 31, 2022	1.27	150,000		150,000
January 31, 2023	1.27	600,000		200,000
March 14, 2023	1.09	200,000		200,000
April 15, 2022	0.68	12,500		6,250
November 08, 2023	0.52	1,410,000		20,000
		4,375,000	2.51	2,538,750

d) Warrants

On June 8, 2018, the Company issued 2,158,875 of share purchase warrants with an exercise price of \$3.00 expiring June 1, 2020. These warrants were outstanding as of December 31, 2019 (2018 - 2,158,875).

e) Restricted Share Unit ("RSU") Plan

On April 26, 2018, the shareholders approved a restricted share unit plan (the "RSU Plan"). The RSU plan was also approved by the Board on July 16th, 2018 and by the TSX Venture Exchange on July 17, 2018. The RSU Plan provides for the issuance of up to 1,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's stock option plan, will not exceed 10% of the Company's outstanding common shares.

During the period ended December 31, 2019, the vesting conditions of 90,000 RSU's were met and the Company issued 90,000 common shares with a fair value of \$52,200. Accordingly, \$16,274 was removed from reserves and \$35,926 (December 31, 2018 - \$97,799) was recorded as share-based payments in the Company's condensed consolidated interim statements of loss and comprehensive loss. As of December 31, 2019, 200,000 RSU's were outstanding.

Subsequent to December 31, 2019, 25,000 RSU's were issued.

8. Segmented Information

The Company's business consists of a single reportable segment being mineral property acquisition and exploration. Details on a geographical basis are as follows:

Mirasol Resources Ltd.**Notes to the Condensed Consolidated Financial Statements****For the Six Months Ended December 31, 2019***(Expressed in Canadian Funds, except where indicated)*

Total Non-Current Assets	December 31,		June 30,
	2019		2019
Canada	\$	335,238	\$ 19,588
Argentina		2,946,376	2,961,146
Chile		320,521	268,025
	\$	3,602,136	\$ 3,248,759

9. Exploration and Evaluation Assets

The Company owns 100% of the mineral exploration rights to a large portfolio of properties focused in two mining regions, namely the Atacama region in northern Chile and the Santa Cruz Province in southern Argentina. As well, the Company holds several other properties in the San Juan and Catamarca provinces of northern Argentina. The Company also focuses on generative exploration to identify and acquire new prospects.

a) Altazor option to joint venture

The Company owns a 100% interest in certain mineral claims located in northern Chile and referred to as the Altazor Gold Project.

On November 7, 2017, the Company signed an exploration and option agreement with Newcrest International Pty Limited ("NCM") on the Altazor Gold Project whereby NCM has been granted the option to acquire up to an 80% interest in the Altazor Gold Project, exercisable in stages over a nine-year, or shorter, earn-in period.

The agreement required NCM to fund US\$1.5 million in exploration expenditures and make a US\$100,000 option payment (received) in the first year of the option. The Company served as operator for exploration during the option period in return for 10% management fee. As of July 1, 2018, the Company is no longer the operator for exploration and as such is not receiving the management fees.

NCM can earn up to 51% interest in the project by making a one-time US\$500,000 cash payment (received) to the Company at the start of the earn-in period and by spending US\$8.5 million in exploration over four years.

NCM can earn in stages up to a 75% interest in the property by delivering a positive preliminary economic assessment ("PEA") and a bankable feasibility study ("BFS") (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making US\$1.3 million cash payments to the Company within the four years after earning the 51% interest.

The Company can retain a participating 25% interest in the project or a 20% funded-to production interest with NCM financing the development costs to production.

On November 12, 2018, NCM exercised its option to enter the farm-in stage of the agreement. NCM is the operator and will be managing all exploration activities at the project.

b) Indra option to joint venture

On October 17, 2018, the Company signed an exploration and option agreement with Hochschild Mining Plc ("HOC") on its Indra Gold Project in Chile.

HOC has been granted the option to acquire up to a 70% interest in the Indra Gold Project, exercisable in five stages over an eight-year, or shorter, earn-in period.

The agreement requires HOC to incur US\$800,000 in exploration expenditures within 18-months and complete a drill program of 1,500 m within 30 months of the date of the agreement. In addition, a US\$50,000 option payment was made upon signing the agreement.

Mirasol Resources Ltd.

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended December 31, 2019

(Expressed in Canadian Funds, except where indicated)

The first earn-in option for HOC to earn 51% interest over three years (total 4.5 years) requires spending an additional US\$5.2 million on exploration and making two staged payments totalling US\$675,000 to the Company.

HOC can earn an additional 10% interest in the project by funding and delivering a positive PEA, and a further 9% interest by delivering a BFS.

The Company can either retain a 30% interest in the project or can exercise the funding option requiring HOC to fund its interest to production and retain 25%.

The Company serves as operator during the option phase in return for a 10% management fee from exploration contracts with values less than US\$250,000 and 5% fee on contracts over US\$250,000.

On December 19, 2019, HOC advised the Company of its decision to terminate the option agreement.

As of December 31, 2019, the Company had received US\$1,071,957 in advances from HOC to be used on exploration expenditures. As of December 31, 2019, of the advanced amounts, \$88,900 is included in cash and cash equivalents.

c) *Gorbea option to joint venture*

The Company owns a 100% interest in certain mineral claims located in northern Chile and referred to as the Gorbea Gold Project.

On January 28, 2019, the Company signed a definitive agreement with Newcrest International Pty Limited ("NCM") whereby, NCM has been granted the option to acquire up to a 75% interest in the Gorbea Gold Project, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement requires NCM to fund US\$4.0 million in exploration expenditures and make a US\$100,000 option payment (received) in the first year of the option. NCM will be the operator of the exploration program and will receive a 5% management fee.

NCM can earn up to 51% of the interest of the property by making a US\$500,000 cash payment to the Company at the start of the earn in period and by spending an additional US\$15 million in exploration within the next four years of the agreement with a minimum drilling commitment of 6,000 m to be completed within the first two years.

NCM can then earn in stages up to a 65% interest in the property by delivering a PEA and a BFS (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making a cash payment to the Company within four years after earning the 51% interest.

The Company can elect to retain a participating 25% interest in the project or has the right to convert up to 10% equity interest into 2.0% NSR royalty after completion of the BFS stage.

d) *Los Amarillos option to purchase*

The Company owns a 100% interest in certain mineral claims, which now form part of the Los Amarillos Gold-Silver Project located in Northern Chile acquired by way of staking.

During the year ended June 30, 2019, the Company entered into an option agreement to acquire a 100% interest in certain other claims of the Los Amarillos Gold-Silver Project. The Company can acquire the claims under option by making staged option payments totalling US\$100,000 over three years and incurring US\$300,000 in exploration expenditures within three years (including a committed US\$50,000 for the first 12 months). The property owner retains a 1.5% NSR royalty. The Company holds a right of first refusal on the royalty sale. Option payments are due as follows:

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(Expressed in Canadian Funds, except where indicated)

On signing (paid)	US\$10,000
On or before June 21, 2020	US\$20,000
On or before June 21, 2021	US\$30,000
On or before June 21, 2022	US\$40,000
Total	US\$100,000

e) *Sascha-Marcelina option to purchase*

The Company owns a 100% interest in certain mineral claims, which now form part of the Sascha-Marcelina Gold Project located in Santa Cruz, Argentina acquired by way of staking.

During the year ended June 30, 2019, the Company entered into an option to purchase agreement to acquire a 100% interest in certain other claims now included in the Sascha-Marcelina Project. The Company can acquire the claims under option by making staged option payments totalling US\$3.4 million over four years. The Company has a minimum US\$300,000 exploration spending commitment during the three years of the option period. The property owner retains a 1.5% NSR royalty.

Option payments are due as follows:

On signing (paid)	US\$25,000
On or before January 23, 2020 (paid)	US\$50,000
On or before January 23, 2021	US\$75,000
On or before January 23, 2022	US\$100,000
On or before January 23, 2023	US\$3,150,000
Total	US\$3,400,000

f) *Coronation option to joint venture*

On October 4, 2019, the Company entered into a definitive agreement with First Quantum Minerals ("FQM") for its Coronación Copper/Gold Project in northern Chile.

The Company granted to FQM the option to earn-in 80% of the project over 6 years by:

- Making annual cash payments totaling US\$875,000 (US\$50,000 received);
- Completing at least 10,000 m of drilling; and
- Delivering a NI 43-101 compliant Prefeasibility Study Report.

FQM is committed to completing 3,000 m of drilling and a systematic geophysical program on the project over the first 24 months of the agreement. Following this period, FQM is required to spend a minimum of US\$500,000 per year over the term of the agreement. FQM will be the operator during the option period. Following the completion of the 80% earn-in, FQM will have a one-time option to acquire the remaining 20% on terms to be negotiated between the parties. If this option is not exercised, the parties will form a participating joint venture to further fund the development of the project.

g) *Nord Property*

On October 31, 2019, the Company signed a Memorandum of Understanding ("MOU") with Minería Activa ("Minería") for its Nord project in northern Chile. The MOU is subject to legal due diligence and execution of a definitive agreement. Mirasol has granted Minería an exclusivity period to allow for these processes to be completed.

Under the MOU, Mirasol will grant to Minería the option to earn 100% of the project over 4 years by:

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(Expressed in Canadian Funds, except where indicated)

- Making annual cash payments totaling US\$3,000,000:
 - On signing of definitive agreement: US\$50,000
 - 1st anniversary: US\$200,000
 - 2nd anniversary: US\$400,000
 - 3rd anniversary: US\$600,000
 - 4th anniversary: US\$1,750,000
- Committing to complete at least US\$500,000 of exploration expenditures over the first 2 years of the option period.

Upon completion of the option, Minería will earn a 100% interest in the project and Mirasol will retain a 2% NSR royalty, of which 0.5% can be bought back by Minería within 8 years of signing of the definitive agreement for a US\$3 million payment.

h) Zeus Property

The Company owns a 100% interest in certain mineral claims, which now form part of the Zeus Gold Project located in northern Chile acquired by way of staking.

During the year ended June 30, 2018, the Company entered into an option agreement to acquire a 100% interest in certain other claims of the Zeus Gold project. The Company can acquire the claims under option by making staged option payments totalling US\$2.747 million over five years and incur US\$300,000 in exploration expenditures within three years. The property owner retains a 1.5% NSR royalty. The Company has a right to buy 0.5% of the royalty for US\$3.0 million. Option payments are due as follows:

On signing (paid)	US\$12,000
On or before October 10, 2018 (paid)	US\$30,000
On or before October 10, 2019 (paid)	US\$50,000
On or before October 10, 2020	US\$70,000
On or before October 10, 2021	US\$90,000
On or before October 10, 2022	US\$2,495,000
<u>Total</u>	<u>US\$2,747,000</u>

i) Pipeline Properties:

The Company carries out exploration programs on a number of properties which are prospective for gold and/or silver mineralization in Chile and Argentina.

j) Advances to/from joint venture partners:

As at December 31, 2019, the Company has \$89,585 (2018-\$846,947) of unspent exploration advances.

10. Commitments

- i. In November 2018, the Company signed a 12-month trailing consulting agreement, effective July 2018, and renewed on July 1, 2019, with Global Ore Discovery Pty Ltd. ("Global Ore") to perform the duties of exploration services for the Company. Under the terms of the Global Ore agreement, the Company has retained the services of Global Ore to provide target generation related consulting services to the Company on an exclusive basis throughout Chile and Argentina.

As part of the 12-month trailing contract, the Company has agreed to a one-year commitment to pay a minimum monthly retainer of AUD\$20,000 and a quarterly minimum of AUD\$75,000.

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(Expressed in Canadian Funds, except where indicated)

The Company has also agreed to issue Global Ore 25,000 common shares (issued) on commencement of the 12-month trailing contract and 25,000 common shares after six months (issued). The Global Ore trailing contract can be terminated at any time by Global Ore after four months from its commencement on July 1, 2019 with one month's notice to the Company.

- ii. On February 6, 2019, the Company signed a lease for its head office located at 1150 - 355 Burrard Street, Vancouver, British Columbia, effective May 1, 2019 to April 30, 2025 (Note 5). This lease is classified as an operating lease. The Company has made a security deposit of \$20,000.

11. Subsequent events

On January 13, 2020, the Company signed an option agreement with subsidiaries of Newmont Corporation ("NEM") to acquire the Inca Gold Project in northern Chile.

The Company was granted the option to earn-in 100% of the project over 5 years, subject to a 1.5% NSR royalty, by drilling 1,000 meters on the project over 2 years and incurring US\$3 million in exploration expenditures over 5 years.

The Company can terminate the agreement at any time after the completion of the initial 1,000m drilling commitment.

Upon completion of this option, NEM will have the right to earn back 70% of the project, in two stages, by:

- Stage 1:
 - Making a cash payment of US\$3 million to the Company; and
 - Funding US\$6 million in exploration expenditures over 3 years.

If NEM completes Stage 1 but not Stage 2, the Company will retain 100% of the project and NEM will be granted an additional 0.5% NSR royalty which may be bought back by the Company at fair market value.

- Stage 2:
 - Delivering a NI 43-101 compliant Prefeasibility Study reflecting a resource of no less than 2 million ounces of gold-equivalent using agreed upon cut-off grades; or
 - Incurring an additional US\$15 million in exploration expenditures over 3 years.

If NEM completes Stage 2, the Company and NEM will hold 30% and 70%, respectively, in a joint venture company holding the project. The Company will then have the option to either fund its 30% interest or reduce it to a 25% interest in exchange for a loan from NEM to fund the project development to commercial production.