CHAKANA COPPER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2023

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Chakana Copper Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Corporation's independent auditor has not performed a review of these condensed interim consolidated financial statements.

April 28, 2023

CHAKANA COPPER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

		February 28, 2023 (Unaudited)		May 31, 2022 (Audited)
ASSETS				
Current Assets				
Cash	$	2,695,874	$	5,564,165
Prepaids and other current assets		218,233		241,182
		2,914,107		5,805,347
Non-current Assets				
Exploration and evaluation assets (Note 4)		5,547,034		3,899,630
Property and equipment (Note 5)		555,939		616,652
Value-added tax receivable (Note 6)		241,731		566,242
Total Assets	$	9,258,811	$	10,887,871
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Note 13)	$	333,937	$	642,383
Current portion of lease obligation (Note 7)		54,751		50,056
		388,688		692,439
Non-current Liabilities				
Lease obligation (Note 7)		130,944		165,053
Total Liabilities		519,632		857,492
Shareholders' Equity				
Common shares (Note 8)		43,463,932		42,195,337
Subscription receipts (Note 8)		-		60,280
Stock option reserve (Note 8)		3,191,913		2,957,941
Accumulated other comprehensive income		1,024,698		768,252
Deficit		(38,941,364)		(35,951,431)
Total Shareholders' Equity		8,739,179		10,030,379
Total Liabilities and Shareholders' Equity	$	9,258,811	$	10,887,871

Contingency (Note 14)

Approved on behalf of the Board of Directors

/s/ Tom Wharton
Tom Wharton, Director

/s/ Darren Devine
Darren Devine, Director

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

CHAKANA COPPER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended February 28, 2023	**Three Months Ended February 28, 2022**	**Nine Months Ended February 28, 2023**	**Nine Months Ended February 28, 2022**
Operating Expenses				
Consulting fees (Note 13)	$ 32,700	$ 46,456	$ 127,187	$ 171,876
Depreciation (Note 5)	25,345	31,600	82,659	95,209
Exploration and evaluation expenditures (Notes 4 and 9)	460,318	560,050	2,042,176	4,174,729
General and administrative	82,448	109,905	202,337	297,064
Investor relations	13,762	61,775	68,602	210,579
Legal and professional fees (Note 13)	28,323	37,593	137,217	124,432
Salaries and wages (Note 13)	47,720	69,552	189,353	203,727
Stock-based compensation (Notes 8 and 13)	54,632	105,414	207,327	610,461
Travel and meals	-	12,521	6,559	29,982
Operating Expenses	(745,248)	(1,034,866)	(3,063,417)	(5,918,059)
Other				
Foreign exchange gain	1,359	(22,922)	39,112	617
Gain (loss) on disposition of assets	-	-	(2,981)	
Interest income	14,254	-	37,353	(410,493)
		-		-
	15,613	(22,922)	73,484	(409,876)
Net Loss	(729,635)	(1,057,788)	(2,989,933)	(6,327,935)
Other Comprehensive Income				
Item that may be reclassified to profit or loss				
Foreign currency translation	102,526	22,434	256,446	335,495
Comprehensive Loss	$ (627,109)	$ (1,035,354)	$ (2,733,487)	$ (5,992,440)
Basic and diluted loss per share	$ (0.00)	(0.01)	$ (0.02)	$ (0.06)
Weighted average number of common shares outstanding (basic and diluted)	169,529,258	111,410,762	168,161,912	111,410,762

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

CHAKANA COPPER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED
(Unaudited – Expressed in Canadian Dollars)

		Nine Months Ended February 28, 2023		Nine Months Ended February 28, 2022
Cash Flows Used in Operating Activities				
Net loss	$	(2,989,933)	$	(6,327,935)
Adjustments to reconcile net loss to cash used in operating activities				
Depreciation		82,659		95,209
Stock-based compensation		207,327		610,461
Unrealized foreign exchange loss (gain)		17,640		145,655
Write-off of leasehold improvements		2,981		410,493
Prepaids and other current assets		22,949		38,652
Value-added tax receivable		324,511		(344,181)
Accounts payable and accrued liabilities		(308,446)		(855,293)
		(2,640,312)		(6,226,939)
Cash Flows Used in Investing Activities				
Leasehold improvements and purchase of equipment		(4,867)		(170,798)
Acquisition of exploration and evaluation assets		(1,264,897)		(632,221)
		(1,269,764)		(803,019)
Cash Flows Provided by Financing Activities				
Repayment of lease obligation		(34,501)		(27,549)
Proceeds from private placement, net of share issuance costs		1,034,959		-
		1,000,458		(27,549)
Change in cash during the period		(2,909,618)		(7,057,507)
Foreign exchange on cash		41,326		33,478
Cash and cash equivalents – beginning of the period		5,564,165		8,675,790
Cash – end of the period	$	2,695,873	$	1,651,761
Non-cash Transaction				
shares issued as option payment	$	200,000	$	-

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

CHAKANA COPPER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Expressed in Canadian Dollars)

	Common Shares						
	Shares	Amount	Subscription Receipts	Accumulated Other Comprehensive Income	Stock Option Reserve	Deficit	Total
Balance – May 31, 2021	111,410,363	$ 37,482,558	$ -	$ 303,035	$ 2,518,080	$ (28,595,233)	$ 11,708,440
Fair value of forfeited and expired options and warrants	-	-	-	-	(282,176)	282,176	-
Other comprehensive income for the period	-	-	-	335,495	-	-	335,495
Stock-based compensation	-	-	-	-	610,461	-	610,461
Net loss for the period	-	-	-	-	-	(6,327,935)	(6,327,935)
Balance – February 28, 2022	111,410,363	37,482,558	-	638,530	2,846,365	(34,640,992)	6,326,461
Shares issued on private placement	46,269,134	5,089,605	-	-	-	-	5,089,605
Share issuance costs	-	(376,826)	-	-	111,636	-	(265,190)
Subscriptions received	-	-	60,280	-	-	-	60,280
Fair value of forfeited and expired options and warrants	-	-	-	-	(47,767)	47,767	-
Other comprehensive income for the period	-	-	-	129,722	-	-	129,722
Stock-based compensation	-	-	-	-	47,707	-	47,707
Net loss for the period	-	-	-	-	-	(1,358,206)	(1,358,206)
Balance – May 31, 2022	157,679,497	42,195,337	60,280	768,252	2,957,941	(35,951,431)	10,030,379
Shares issued on private placement	10,470,451	1,151,750	(60,280)	-	-	-	1,091,470
Share issuance costs	-	(83,155)	-	-	26,645	-	(56,510)
Shares issued for property	1,379,310	200,000	-	-	-	-	200,000
Other comprehensive income for the period	-	-	-	256,446	-	-	256,446
Stock-based compensation	-	-	-	-	207,327	-	207,327
Net loss for the period	-	-	-	-	-	(2,989,933)	(2,989,933)
Balance – February 28, 2023	169,529,258	$ 43,463,932	$ -	$ 1,024,698	$ 3,191,913	$ (38,941,364)	$ 8,739,179

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

1. Nature of Operations and Going Concern

Chakana Copper Corp. (the "Corporation" or "Chakana") was incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The Corporation is listed on the TSX Venture Exchange under the symbol "PERU". The Corporation is currently engaged in exploration of mineral properties, with its principal focus at this stage on the exploration of the Soledad copper-gold-silver project located in central Peru (the "Soledad Project").

The head office and principal address is 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada. The records office of the Corporation is located at 1055 West Pender Street, Suite 1500, Vancouver, British Columbia, V6E 4V7, Canada.

The Corporation is in the process of exploring and developing its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Corporation to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from the disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Corporation has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to continue in operation for the foreseeable future and meet its obligations in the normal course of business. The Corporation has incurred ongoing losses and will continue to incur further losses in the course of exploring its mineral properties. During the period ended February 28, 2023, the Corporation incurred a net loss of $2,260,298 and as of that date has a deficit of $38,211,729 (May 31, 2022 - $35,951,431). The Corporation has historically relied on the issuance of share capital to fund its operations. Although the Corporation has been successful in raising equity financing in the past, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt about the Corporation's ability to continue as a going concern.

The Corporation's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including the outbreak of the coronavirus (COVID-19) pandemic, relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges, such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Corporation's business.

2. Basis of Preparation and Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports, including International Accounting Standard 34 *Interim Financial Reporting*. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2022 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent Annual Financial Statements and were consistently applied to all the periods presented.

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars (or "CDN"), the Corporation's functional currency, unless otherwise specified.

2. Basis of Preparation and Statement of Compliance (continued)

The Corporation's condensed interim consolidated financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities controlled by the Corporation, where control is achieved by the Corporation being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation, and are deconsolidated from the date that control ceases. The Corporation currently has one wholly owned subsidiary: Chakana Resources S.A.C., a Peruvian company.

3. Significant Accounting Judgments and Estimates

The preparation of the Corporation's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Significant judgments and estimates that have the most significant effect on the amounts recognized in the Corporation's condensed interim consolidated financial statements are as follows.

Judgments that have the most significant effect on the amounts recognized in the Corporation's condensed interim consolidated financial statements are as follows:

Critical Accounting Judgments

- *Impairment of Exploration and Evaluation Asset*

  The net carrying value of an exploration asset is reviewed regularly for conditions that suggest potential indications of impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Going Concern*

  The assessment of the Corporation's ability to continue as a going concern involves critical judgment based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgment is used in the Corporation's assessment of its ability to continue as a going concern (Note 1).

- *Functional Currency*

  The functional currency for the Corporation's subsidiary, Chakana Resources S.A.C., is the Peruvian sol – the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment, and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

3. Significant Accounting Judgments and Estimates (continued)

Critical Accounting Judgments (continued)

- *Income Taxes*

  Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

  The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Value-added Tax ("VAT")*

  Management's assumptions regarding the recoverability of VAT receivable at the end of each reporting period is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the local government, which historically has been very slow. While the Corporation is still pursuing collection, with the delay in processing and collection, the Corporation has been receiving its VAT from prior years, and as such, management has determined as at February 28, 2023 and May 31, 2022 that it is appropriate to record the VAT as a receivable without any allowance for collectability. The timing and amount of the VAT ultimately collectable could be materially different from the amount recorded in the condensed interim consolidated financial statements.

- *Leases*

  The Corporation applies judgment in determining whether the contract contains an identified asset, whether the Corporation has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Critical Accounting Estimates

- *Stock-based Compensation*

  Stock-based compensation is valued using the Black-Scholes option pricing model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes option pricing model utilizes subjective assumptions, such as expected price volatility and expected life of the option. Stock-based compensation expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

(Unaudited – Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	Condor Option	Aija Project	Barrick	Total
Balance – May 31, 2021	$ 1,898,477	$ 603,544	$ 288,819	$ 2,790,840
Acquisition costs	775,933	135,981	-	911,914
Foreign exchange on translation	112,488	64,948	19,440	196,876
Balance – May 31, 2022	2,786,898	804,473	308,259	3,899,630
Acquisition costs	1,199,729	265,168	-	1,464,897
Foreign exchange on translation	128,609	23,341	30,557	182,507
Balance – February 28, 2023	$ 4,115,236	$ 1,092,982	$ 338,816	$ 5,547,034

The Corporation's wholly owned subsidiary, Chakana Resources S.A.C., holds (i) the option to acquire a 100% ownership interest in the Soledad Project ("Condor Option"); (ii) holds an option to acquire a 100% ownership interest in the adjacent Aija Project, Peru ("Aija Project"); and (iii) holds an option to acquire up to a 100% ownership in other adjacent mineral concessions owned by Minera Barrick Misquichilca S.A. ("Barrick") (the "Barrick Option"). All three options are collectively referred to as the "Soledad Project". The Corporation is the operator of all related mineral exploration activities on these projects.

(a) Condor Option

On April 17, 2017, the Corporation entered into a Mining Assignment and Option Agreement (the "Condor Option") with Minera Vertiente del Sol S.A.C. ("MVS") (the "Agreement"), a subsidiary of Condor Resources Inc. ("Condor"), pursuant to which the Corporation has the sole and exclusive option to acquire 100% of the rights and interests in the Soledad copper/gold project, Peru (the Soledad Project), subject to a 2% net smelter return royalty ("NSR"). The agreement was amended on March 18, 2019 and November 13, 2020, relating to the Soledad Project.

The Condor Option is exercisable by issuing 500,000 common shares by June 23, 2018 (issued), making aggregate cash payments of US$5,375,000, and completing 12,500 metres of drilling on the Soledad Project. During the year ended May 31, 2018, the Corporation fulfilled the 12,500 metres of exploration drilling requirement on the Soledad Project.

On April 14, 2022, the Corporation reached an agreement with Condor to amend the terms of the Condor Option dated April 17, 2017.

Under the existing agreement, a final payment of US$4,425,000 was due to Condor on April 23, 2022. The parties have agreed to extend and amend the terms of the option to provide that Chakana may complete the exercise of the option by either: (i) paying US$2,800,000 and issuing 9,480,198 common shares to Condor's Peruvian subsidiary prior to June 23, 2022, or (ii) making the following cash and share payments to Condor's Peruvian subsidiary over the next three-year period. The Corporation has decided to exercise the option by making the following cash payments:

Date	Cash Payment (in US$)	Shares in CDN$ equivalent
On or prior to June 23, 2022 (paid)	800,000	200,000
On or prior to June 23, 2023	1,000,000	200,000
On or prior to June 23, 2024	1,000,000	200,000
On or prior to June 23, 2025	1,425,000	200,000

The amounts of the share payments are subject to adjustment in the event of early or late payment. In addition, Condor has agreed to certain voluntary resale restrictions on the shares of Chakana to be issued to Condor, with periodic releases over an 18-month period.

(Unaudited – Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

(a) Condor Option (continued)

Pursuant to the amendment agreement and as part of the amount owed to Condor, Chakana also agreed to make a payment of US$200,000 to Condor's Peruvian subsidiary by April 22, 2022, which was made on April 21, 2022. As at February 28, 2023, the Corporation has made total payments of US$1,950,000.

Under the agreement, the Corporation may purchase from MVS 50% of the NSR, equal to a 1% NSR, for US$2,000,000 at any time. On March 18, 2019, the Corporation purchased a 1% NSR on the Soledad Project for $369,902 (US$275,000) and 900,000 common shares. As a result of the Corporation purchasing the NSR, the NSR was reduced from 2% to 1%, with the Corporation having the right to repurchase 50% of the NSR (or 0.5% NSR) for US$1,000,000 subsequent to exercising the option. If the Corporation does not exercise the option to acquire Condor's Soledad concessions, Condor has the right to purchase 50% of the NSR (or 0.5% NSR) for US$1,000,000. In addition, the pre-royalty payment obligation was eliminated.

(b) Aija Project

On March 20, 2018, the Corporation entered into an Option Agreement (the "Option") with an arm's length third party to acquire 100% of the rights and interest in the Aija Project subject to a 2% NSR. During the year ended May 31, 2021, the Corporation renegotiated the payment schedule.

During the month of December 2022, the Corporation entered into an agreement to amend the payment terms under the Aija option agreement.

Under the terms of the original agreement, a final payment of US$1.5 million was due on May 1, 2023. The parties agreed to extend and amend the terms of the agreement as follows:

Installment	Date	Cash Amount (in US$)	US$ paid in shares
1	Upon execution of Letter of Intent on October 3, 2017 (paid)	75,000	-
2	Upon close of Definitive Agreement on August 1, 2018 (paid)	75,000	-
3	February 1, 2019 (paid)	50,000	-
4	August 1, 2019 (paid)	50,000	-
5	February 1, 2020 (paid)	75,000	-
6	November 1, 2020 (paid)	75,000	-
7	May 1, 2021 (paid)	100,000	-
8	November 1, 2021 (paid)	100,000	-
9	May 1, 2022 (paid)	100,000	-
10	November 1, 2022 (paid)	100,000	-
11	December 1, 2022 – (Cash paid, shares issued subsequent to February 28, 2023)	100,000	75,000
12	May 1, 2023	100,000	125,000
13	November 1, 2023	100,000	150,000
14	May 1, 2024	150,000	75,000
15	November 1, 2024	150,000	75,000
16	May 1, 2025	150,000	-
17	November 1, 2025	150,000	-
18	May 1, 2026	150,000	-
19	November 1, 2026	250,000	-
	Total	**2,100,000**	**500,000**

The number of shares will be determined based on the greater of (i) the ten-day volume weighted average trading price of the Chakana common shares as of the date of issuance of such Chakana shares, or (ii) the market value at the time the obligation arises, provided that the shares for each payment may not be issued at a price lower than CDN$0.05 per share. The Agreement is subject to the approval of the TSX Venture Exchange. As at February 28, 2023, the Corporation has paid instalments 1 to 10, totaling US$900,000. Under the terms of the Option, the Corporation may purchase all of the 2% NSR at any time for US$2,000,000. There are no drilling or work expenditure commitments under the Option.

(Unaudited – Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

(c) Barrick Option

On July 11, 2018, Barrick granted the Corporation an option to acquire a 100% interest in three concessions adjoining the southern extent of the Aija Project (the Barrick Option). Under terms of the agreement, the Corporation has five years in total (two years remaining) to complete a minimum of 2,000 metres of drilling and produce a Preliminary Economic Assessment report compliant with National Instrument ("NI") 43-101 *Standards of Disclosure for Mineral Projects*. In October 2021, the Corporation amended the July 11, 2018 agreement. Under terms of the amended agreement, the Corporation must obtain the Authorization to Imitate Activities ("AIA") for exploration drilling on or before September 27, 2023 (first option). It then has four years.

from the date of the AIA to complete a minimum of 4,000 metres of drilling and produce a Preliminary Economic Assessment report compliant with NI 43-101 (second option). Upon exercise of the option, Barrick will retain a 2% NSR subject to the Corporation's right to purchase 50% of the royalty for US$2,000,000.

Barrick will have a one-time right to reacquire a 70% interest in the concessions within 120 days of exercising the option by paying the Corporation three times the aggregate amount of exploration expenditures incurred since the execution date and cancelling the 2% NSR. If a production decision is then not made by Barrick within seven years of the Back-in Closing Date, Barrick will make pre-royalty payments of US$75,000 per year until a production decision is made for a maximum of five years (US$375,000). If the Corporation does not contribute its share of project costs its interest will be diluted to 10%, upon which its interest will be converted to a 2% NSR with Barrick retaining a right to purchase 50% of the royalty for US$2,000,000.

5. Property and Equipment

		Right-of-use Asset		Equipment		Total
Cost						
As at May 31, 2021	$	244,998	$	950,914	$	1,195,912
Additions		-		178,943		178,943
Foreign exchange on translation		20,973		48,439		69,412
Write-off of leasehold improvements and disposals		-		(519,562)		(519,562)
As at May 31, 2022		265,971		658,734		924,705
Additions		-		4,867		4,867
Foreign exchange on translation		-		(87,000)		(87,000)
Write-off of leasehold improvements and disposals		11,716		25,053		36,769
As at February 28, 2023	$	277,687	$	601,654	$	879,341
Accumulated Depreciation						
As at May 31, 2021	$	(4,083)	$	(254,084)	$	(258,167)
Depreciation		(49,967)		(77,897)		(127,864)
Foreign exchange on translation		(1,964)		(20,065)		(22,029)
Write-off of leasehold improvements and disposals		-		100,007		100,007
As at May 31, 2022		(56,014)		(252,039)		(308,053)
Depreciation		(40,069)		(42,590)		(82,659)
Foreign exchange on translation		(5,736)		(7,776)		(13,512)
Write-off of leasehold improvements and disposals		-		80,822		80,822
As at February 28, 2023	$	(101,819)	$	(221,584)	$	(323,402)
Net Book Value						
As at May 31, 2022	$	209,957	$	406,695	$	616,652
As at February 28, 2023	$	175,868	$	380,071	$	555,939

(Unaudited – Expressed in Canadian Dollars)

6. VAT Receivable

		November 30 2023		May 31 2022
VAT receivable	$	241,731	$	566,242

As at February 28, 2023, the Corporation has $241,731 (May 31, 2022 - $566,242) in VAT receivable refundable from Peruvian tax authorities, net of VAT that is available to the Corporation, which is not refundable but can be offset against future VAT payable. Management has determined to classify VAT receivable as long-term due to uncertainty of timing as to when it will be received. During the nine months ended February 28, 2023, the Corporation received a refund of $483,866 (1,407,816 soles) related to its VAT.

7. Lease Obligation

Balance – May 31, 2021	$	236,769
Interest expense		13,770
Lease payments		(53,130)
Currency translation adjustment		17,700
Balance – May 31, 2022		215,109
Interest expense		10,181
Lease payments		(46,479)
Currency translation adjustment		6,884
Balance – February 28, 2023	$	185,695
Which consists of:		
Current portion of lease obligation	$	54,751
Non-current portion of lease obligation		130,944
	$	185,695

On May 1, 2021, the Corporation entered into a lease agreement for its Peruvian warehouse for a five-year term, expiring April 30, 2026. Pursuant to this lease, the Corporation is obligated to pay basic rent of 15,000 soles (approximately $4,737) on a monthly basis. The right-of-use asset and lease obligation were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 6.4%.

8. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value.

(b) Issued Capital

During the nine months ended February 28, 2023, the Corporation issued common shares as follows:

- On June 21, 2022, the Corporation completed the second and final tranche of its private placement for 10,470,451 units at a price of $0.11 per unit for gross proceeds of $1,151,750. Each unit consists of one common share in the capital of the Corporation and one-half of one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of $0.20 for a period of two years from closing of the private placement. The Corporation may accelerate the expiry of the Warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than $0.30 per unit. The Corporation paid aggregate finder's fees of $56,511 and issued 513,736 broker's warrants in connection with the first tranche of the private placement. Each broker's warrant is exercisable to purchase one share at a price of $0.20 for a period of two years from closing of the private placement. The broker warrants were valued at $26,644 using the Black-Sholes option pricing model. Combined with the first tranche that closed in May 2022, the financing resulted in total gross proceeds of $6,241,355.

(Unaudited – Expressed in Canadian Dollars)

8. Share Capital (continued)

(b) Issued Capital (continued)

- On June 22, 2022, the Corporation issued 1,379,310 common shares, as per the updated agreement with Condor (Note 4(a)).

During the year ended May 31, 2022, the Corporation issued common shares as follows:

- On May 24, 2022, the Corporation completed the first tranche of a non-brokered private placement of 46,269,134 units at a price of $0.11 per unit for gross proceeds of $5,089,605. Each unit consists of one common share in the capital of the Corporation and one-half of one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of $0.20 for a period of two years from closing of the private placement. The Corporation may accelerate the expiry of the Warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than $0.30 per unit. The Corporation paid aggregate finder's fees of $265,190 and issued 2,410,823 finder's warrants in connection with the first tranche of the private placement. Each finder's warrant is exercisable to purchase one share at a price of $0.20 for a period of two years from closing of the private placement. The broker warrants were valued at $111,636 using the Black-Sholes option pricing model.

(c) Stock Options

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees and consultants of the Corporation. The maximum number of common shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive stock options outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
Balance – May 31, 2021	$0.41	10,010,000
Forfeited	$0.46	(1,025,000)
Balance – May 31, 2022	$0.41	8,985,000
Granted	$0.08	4,200,000
Expired / Forfeited	$0.35	(3,060,000)
Balance – February 28, 2023	$0.29	10,125,000

During the nine months ended February 28, 2023, the Corporation granted 4,200,000 incentive stock options to employees and consultants exercisable for a period of five years from the date of grant; 25% of the options will vest immediately on the grant date, 25% of the options will vest six months from the grant date, 25% of the options will vest twelve months from the grant date and 25% of the options will vest eighteen months from the grant date exercisable at a price of $0.075 per common share.

The fair value of options vested has been estimated using the Black-Scholes option pricing model, assuming a risk-free interest rate of 3.32% (2022 - 0.75% to 2.77%) per annum, an expected life of options of 5 (2022 - 4) years, an expected volatility of 93.74% (2022 - 91.20% to 106.60%) based on historical data and no expected dividends. The Corporation has estimated the dividend and forfeiture rate to be 0.00% based on historical dividend payments and historical forfeiture rates. Expected volatility was determined based on the historical movements in the closing price of the Corporation's common shares for a length of time equivalent to the expected life of each option.

(Unaudited – Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) Stock Options (continued)

Incentive stock options outstanding and exercisable at February 28, 2023 and May 31, 2022, are summarized as follows:

Expiry Date	Exercise Price	February 28, 2023	May 31, 2022
September 14, 2022	$0.40	-	1,885,000
February 5, 2023	$0.20	-	700,000
March 29, 2023	$0.94	100,000	100,000
December 12, 2024	$0.20	900,000	1,050,000
July 10, 2025	$0.40	1,650,000	1,800,000
April 22, 2026	$0.50	3,275,000	3,450,000
September 29, 2027	$0.08	4,200,000	-
Weighted average life remaining		3.24	2.54
Total outstanding options	$0.29	10,125,000	8,985,000
Total exercisable options	$0.36	7,150,000	8,760,000

(d) Warrants

The changes in warrants outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
Balance – May 31, 2021	N/A	-
Issued	$0.20	25,545,390
Balance – May 31, 2022	$0.20	25,545,390
Issued	$0.20	5,748,962
Balance – February 28, 2023	$0.20	31,294,352

During the period ended February 28, 2023, the Corporation issued 5,235,226 investor warrants and 513,736 broker warrants as part of the second tranche of the private placement, which closed June 21, 2022 (Note 8(b)).

During the year ended May 31, 2022, the Corporation issued 23,134,567 investor warrants and 2,410,823 broker warrants as part of the first tranche of the private placement, which closed May 24, 2022 (Note 8(b)).

The fair value of broker warrants uses the Black-Scholes option pricing model, assuming a risk-free interest rate of 2.57% per annum, an expected life of 2 years, an expected volatility of 81.86% based on historical data and no expected dividends. The Corporation has estimated the dividend and forfeiture rate to be 0.00% based on historical dividend payments and historical forfeiture rates. Expected volatility was determined based on the historical movements in the closing price of the Corporation's common shares for a length of time equivalent to the expected life of each warrant.

8. Share Capital (continued)

(d) Warrants (continued)

Warrants outstanding at February 28, 2023 and May 31, 2022 are summarized as follows:

Expiry Date	Exercise Price	February 28, 2023	May 31, 2022
May 24, 2024	$0.20	25,545,390[1]	25,545,390[1]
June 21, 2024	$0.20	5,748,962	-
Total outstanding warrants	$0.20	31,294,352	25,545,390

(1) The Corporation may accelerate the expiry of the Warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than $0.30 per unit.

9. Exploration and Evaluation Expenditures

The Corporation incurred exploration and evaluation expenditures as follows:

	Three Months Ended February 28, 2023	Three Months Ended February 28, 2022	Nine Months Ended February 28, 2023	Nine Months Ended February 28, 2022
Drilling	$ 20,651	$ 33,156	$ 392,740	$ 1,430,366
Exploration support and administrative	245,879	216,550	964,991	900,749
Field operations and consumables	67,572	86,895	295,279	487,206
Geological consultants	6,815	78,532	94,016	602,473
Permitting and environmental consulting	56,636	37,940	112,570	151,888
Sampling and geological costs	1,103	68,326	34,362	452,833
Transportation	61,662	38,651	148,218	149,214
	$ 460,318	$ 560,050	$ 2,042,176	$ 4,174,729

10. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's primary exposure to credit risk is on its cash, which is being held in bank accounts. The cash is deposited in bank accounts held with one major bank in Canada, therefore, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies.

Foreign Currency Risk

The Corporation incurs expenditures in Canada and Peru. Foreign currency risk arises as the amount of the Peruvian sol and US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at February 28, 2023 and May 31, 2022, the Corporation has not hedged its exposure to currency fluctuations.

10. Financial Instruments (continued)

Foreign Currency Risk (continued)

As at February 28, 2023 and and May 31, 2022, the Corporation is exposed to currency risk through the following assets and liabilities denominated in Peruvian soles and US dollars:

	February 28, 2023		May 31, 2022	
	Soles	US$	Soles	US$
Cash	495,347	357,280	38,589	184,635
Accounts payable and accrued liabilities	(405,239)	(19,332)	(740,213)	(202,986)
Net	90,108	337,948	(701,624)	(18,351)
Canadian dollar equivalent	32,250	449,133	(240,517)	(23,209)

Based on the above net exposures as at February 28, 2023, a 5% (May 31, 2022 - 5%) change in the CDN dollar/Peruvian sol and CDN/US dollars exchange rate would impact the Corporation's income (loss) and comprehensive income (loss) by approximately $11,000 and $45,100 (May 31, 2022 - $12,000 and $1,000), respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in satisfying financial obligations as they become due. The Corporation manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At February 28, 2023, the Corporation has cash of $2,695,874 (May 31, 2022 - $5,564,165), current liabilities of $388,688 (May 31, 2022 - $692,439) and non-current liabilities of $130,944 (May 31, 2022 - $165,053).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Corporation:

As at		February 28, 2023		May 31, 2022
Due date				
0 – 90 days	$	350,042	$	657,809
91 – 365 days		48,316		46,278
More than 1 year		139,581		179,970
	$	537,939	$	884,057

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash and accounts payable and accrued liabilities are assumed to approximate their fair values. The lease liability is classified as Level 2 and the fair value is determined based on market interest rates.

(Unaudited – Expressed in Canadian Dollars)

10. Financial Instruments (continued)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

11. Management of Capital

The Corporation's primary objectives in capital management are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Soledad and Aija projects. Capital is comprised of the Corporation's shareholders' equity. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash. The Corporation is not subject to any externally imposed capital requirements. The Corporation did not change its approach to capital management during the period ended February 28, 2023.

12. Segmented Information

The Corporation operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Corporation's primary exploration and evaluation assets are located in Peru and its corporate assets, comprising mainly cash, are located in Canada. The Corporation is in the exploration stage and has no reportable segment revenues or operating results.

The Corporation's total assets are segmented geographically as follows:

		Canada		Peru		Total
As at February 28, 2023						
Current assets	$	2,512,202	$	401,905	$	2,914,107
Exploration and evaluation assets		-		5,547,034		5,547,034
Property and equipment		2,152		553,787		555,939
Value-added tax receivable		-		241,731		241,731
	$	2,514,354	$	6,744,457	$	9,258,811
As at May 31, 2022						
Current assets	$	5,487,835	$	317,512	$	5,805,347
Exploration and evaluation assets		-		3,899,630		3,899,630
Property and equipment		-		616,652		616,652
Value-added tax receivable		-		566,242		566,242
	$	5,487,835	$	5,400,036	$	10,887,871

(Unaudited – Expressed in Canadian Dollars)

13. Related Party Disclosures

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the nine months ended February 28, 2023 and 2022, the Corporation paid and/or accrued the following compensation for salaries, fees and stock-based compensation to key management personnel:

		February 28, 2023		February 28, 2022
Accounting fees	$	76,500	$	76,500
Directors' fees, included in consulting fees		113,329		127,742
Management fees, included in salaries and wages		174,344		192,868
Stock-based compensation		111,214		380,164
	$	475,387	$	777,274

(b) Due to Related Parties

The Corporation has the following amounts due to related parties included in accounts payable and accrued liabilities. The amounts owing are non-interest-bearing, unsecured and due on demand.

		February 28, 2023		May 31, 2022
Directors	$	151,020	$	60,623

14. Contingency

During the year ended May 31, 2022, a former employee who had the role of community relations manager for the Corporation's subsidiary filed a claim against the Corporation alleging he suffered an injury while working with the Corporation and is seeking compensation for damages of up to US$390,000. The former employee was employed during 2019 and has provided no evidence such injury occurred while employed by the Corporation nor if such injury was a direct result of his employment. The Corporation believes the claim is without merit and intends to vigorously defend its position. Due to COVID-19, the next hearing was originally scheduled for January 12, 2023, however this date was postponed, and a new date has not yet been set. As the outcome of this claim is uncertain, no amount has been accrued for any potential loss under this complaint.

15. Subsequent Event

Subsequent to February 28, 2023, the Corporation issued 1,250,000 shares equivalent to US$75,000 related to the option payments on the Aija Project.