



**CERRO DE PASCO RESOURCES INC.**

**Condensed Interim Consolidated Financial Statements**  
**(Unaudited and unreviewed by the Company's Independent Auditors)**

**Three-month periods ended**  
**March 31, 2022 and 2021**

## **NOTICE TO READER**

The accompanying unaudited condensed consolidated interim financial statements of Cerro de Pasco Resources Inc., (the “Company”) for the three-month periods ended March 31, 2022 and 2021 have been prepared by and are the responsibility of the Company’s management. In accordance with National Instrument 51 - 102 - *Continuous Disclosure Obligations*, the Company discloses that its independent auditor has not performed a review of these condensed consolidated interim financial statements.

# CERRO DE PASCO RESOURCES INC.

## Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022 and December 31, 2021

(in Canadian dollars)

	March 31 2022	December 31 2021
	\$	\$
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	8,619,939	12,633,042
Cash and cash equivalents – restricted	1,012,245	1,387,795
Accounts receivable	11,091,168	11,428,665
Other financial assets	119,217	119,217
Other receivables	1,257,268	1,060,843
Income and mining taxes receivable	957,191	957,191
Inventories	2,483,893	2,958,095
Prepaid expenses	2,416,200	829,079
<b>Total current assets</b>	<b>27,957,121</b>	<b>31,373,927</b>
<b>Non-current assets:</b>		
Cash and cash equivalents – restricted	6,824,146	1,246,759
Property, plant & equipment	7,150,554	7,436,281
Mining properties, exploration and evaluation assets	9,353,829	8,503,488
Other intangibles	14,047	18,969
<b>Total non-current assets</b>	<b>23,342,576</b>	<b>17,205,497</b>
<b>Total assets</b>	<b>51,299,697</b>	<b>48,579,424</b>
<b>Current liabilities:</b>		
Trade accounts payable and other liabilities	19,496,223	18,931,940
Promissory note	1,331,391	1,331,391
Balance of purchase payable	2,145,027	2,145,027
Current portion of provisioning for rehabilitation and mine closure	2,225,493	1,142,845
Current portion of loan	1,729,367	1,640,848
Convertible debenture	1,379,837	1,379,837
Embedded derivative on convertible debenture	66,185	66,185
<b>Total current liabilities</b>	<b>28,373,523</b>	<b>26,638,073</b>
<b>Non-current liabilities:</b>		
Loan	680,381	812,193
Contingent consideration payable	1,412,160	1,412,160
Provisioning for Rehabilitation and Mine Closure	16,010,076	17,478,614
Warrants - Liability	37,607	37,607
Deferred income tax	66,606	67,575
<b>Total non-current liabilities</b>	<b>18,206,830</b>	<b>19,808,149</b>
<b>Total liabilities</b>	<b>46,580,353</b>	<b>46,446,222</b>
<b>Equity (deficiency):</b>		
Share capital	30,804,393	30,615,645
Warrants	1,171,034	1,171,034
Share options	1,998,385	1,925,585
Contributed surplus	875,658	880,242
Deficit	(30,273,145)	(32,570,898)
Accumulated other comprehensive income	135,823	111,594
<b>Total shareholders' equity (deficiency) attributable to owners of the parent company</b>	<b>4,712,148</b>	<b>2,133,202</b>
Non-controlling interest	7,196	-
<b>Total shareholders' equity (deficiency)</b>	<b>4,719,344</b>	<b>2,133,202</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>51,299,697</b>	<b>48,579,424</b>

Going concern, see Note 2.

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

**CERRO DE PASCO RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Comprehensive Profit & Loss**

Three-month periods ended March 31, 2022 and 2021  
(in Canadian dollars)

	Three Months Ended, March 31,	
	2022	2021
<b>Income:</b>		
Sales	18,220,165	-
Cost of sales	12,152,274	-
<b>Gross Profit</b>	<b>6,067,891</b>	<b>-</b>
<b>Expenses:</b>		
Selling Expenses	928,215	-
Research and development expenses	177,350	-
General and administrative expenses	1,946,154	1,182,888
<b>Operating income (loss) before other expenses and income tax</b>	<b>3,016,172</b>	<b>(1,182,888)</b>
<b>Other expenses (revenues):</b>		
Finance expenses	(415,806)	(82,734)
Exchange loss (gain)	(47,433)	(33,847)
	<b>(463,239)</b>	<b>(91,674)</b>
<b>Income (loss) before income taxes</b>	<b>2,552,933</b>	<b>(1,274,562)</b>
Income taxes	(255,180)	-
<b>Net Income (loss)</b>	<b>2,297,753</b>	<b>(1,274,562)</b>
<b>Other comprehensive income loss</b>		
Currency translation adjustment	24,229	74,018
<b>Other comprehensive (income) loss net of tax</b>	<b>24,229</b>	<b>74,018</b>
<b>Total comprehensive income (loss)</b>	<b>2,273,524</b>	<b>(1,200,544)</b>
<b>Net income (loss) attributable to:</b>		
Shareholders of Cerro de Pasco Resources Inc.	2,262,161	(1,274,562)
Non-controlling interests	35,592	-
	<b>2,297,753</b>	<b>(1,274,562)</b>
<b>Other comprehensive income (loss) attributable to:</b>		
Shareholders of Cerro de Pasco Resources Inc.	(23,665)	74,018
Non-controlling interest	(564)	-
	<b>(24,229)</b>	<b>74,018</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Shareholders of Cerro de Pasco Resources Inc.	2,238,496	(1,200,544)
Non-controlling interest	35,028	-
	<b>2,273,524</b>	<b>(1,200,544)</b>
<b>Weighted average number of common shares outstanding</b>	<b>287,123,835</b>	<b>266,694,738</b>
<b>Basic and diluted loss per share:</b>	<b>0.01</b>	<b>(0.00)</b>
<b>Diluted weighted average number of common shares outstanding</b>	<b>325,236,802</b>	<b>266,694,738</b>
<b>Basic and diluted loss per share:</b>	<b>0.01</b>	<b>(0.00)</b>

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

# CERRO DE PASCO RESOURCES INC.

## Condensed Interim Consolidated Statements of Changes in Equity

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

Note	Number of shares outstanding	Share capital	Warrants	Share options	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity (deficiency)
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31 2021</b>	287,044,280	30,615,645	1,171,034	1,925,585	880,242	(32,570,898)	111,594	2,133,202	-	2,133,202
Shares and units issued:										
As payment of consulting fees	736,654	184,164	-	-	-	-	-	-	-	184,164
Share options granted	-	-	-	72,800	-	-	-	-	-	72,800
Warrants expired	-	-	4,584	-	(4,584)	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	7,196	7,196
Transactions with owners	736,654	184,164	4,584	72,800	(4,584)	-	-	-	-	256,964
Net loss and comprehensive income for the period	-	-	-	-	-	2,297,753	24,229	2,321,982	-	2,321,982
<b>Balance as at March 31 2022</b>	287,780,934	30,804,393	1,171,034	1,998,385	875,658	(30,273,145)	135,823	4,455,184	7,196	4,719,344
<b>Balance as at December 31 2020</b>	266,636,294	25,356,132	716,811	1,929,737	749,130	(29,957,648)	230,214	(975,624)	-	(975,624)
Shares and units issued:										
As payment of consulting fees	80,000	30,400	-	-	-	-	-	30,400	-	30,400
Share options granted	-	-	-	18,400	-	-	-	18,400	-	18,400
Transactions with owners	80,000	30,400	-	18,400	-	-	-	48,800	-	48,800
Net loss and comprehensive income for the period	-	-	-	-	-	(1,274,562)	74,018	(1,200,544)	-	(1,200,544)
<b>Balance as at March 31 2021</b>	266,716,294	25,386,532	716,811	1,948,137	749,130	(31,232,210)	304,232	(2,127,368)	-	(2,127,368)

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

# CERRO DE PASCO RESOURCES INC.

## Condensed Interim Consolidated Statements of Cash Flows

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

	Three-month March 31 2022 \$	period ended March 31 2021 \$
<b>Operating activities:</b>		
Net income (loss)	2,297,753	(1,274,562)
Adjustments for:		
Consulting fees paid through issuance of shares	184,164	30,400
Share-based compensation	72,800	18,400
Unrealized exchange loss	19,645	-
Change in fair value of marketable securities in a quoted company	-	7,188
Change in fair value of warrants and embedded derivative on convertible debenture	4,584	(29,622)
Write-off of equipment	167,000	-
Interest on lease liabilities	-	1,067
Interest on promissory note	-	-
Effective interest on loan	88,519	795
Presumed interest on convertible debenture	-	51,310
Depreciation of right-of-use assets	-	27,681
Depreciation of other intangibles	4,922	-
Depreciation of property and equipment	316,727	4,809
Operating activities before changes in working capital items	3,156,114	(1,162,534)
Change in trade receivables	337,497	-
Change in other receivables	(196,425)	(104,888)
Change in inventories	474,202	-
Change in prepaid expenses	(1,587,121)	(8,828)
Change in trade accounts payable and accrued liabilities	564,283	383,256
Change in cash and cash equivalents - restricted	(5,201,837)	-
Change in provisioning for rehabilitation and mine closure	(385,890)	-
Change in income tax payable	(969)	-
Change in working capital items	(5,996,260)	269,540
<b>Cash flows used for operating activities</b>	<b>(2,840,146)</b>	<b>(892,994)</b>
<b>Financing activities:</b>		
Repayment of promissory note	(131,812)	-
Lease liabilities repayments	-	(11,093)
Interest paid on lease liabilities	-	(1,067)
<b>Cash flows from financing activities</b>	<b>(131,812)</b>	<b>(12,160)</b>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment	7,196	-
Acquisition of exploration and evaluation assets	(198,000)	-
Acquisition of mining property	(850,341)	(37,104)
<b>Cash flows used for investing activities</b>	<b>(1,041,145)</b>	<b>(37,104)</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,013,103)</b>	<b>(942,258)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>12,633,042</b>	<b>897,979</b>
<b>Effect of exchange rate fluctuations on cash held in foreign currencies</b>	<b>-</b>	<b>69,534</b>
<b>Cash and cash equivalents, end of period</b>	<b>8,619,939</b>	<b>25,255</b>
Interest paid	4,164	1,064

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

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

### 1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the “Company” or “Cerro de Pasco” or “CDPR”) is a natural resource company engaged in the acquisition, exploration, development of mineral properties. The Company produces zinc and lead-silver concentrates from the Santander mine in Peru.

Cerro de Pasco Resources Inc. is a company located in Canada. The Company was incorporated on June 6, 2003 under the Business Corporations Act (Alberta).

The Company's head office, which is also the main establishment is located at 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is [www.pascoresources.com](http://www.pascoresources.com). The Company is trading on the Canadian Securities Exchange (CSE) under symbol “CPDR”.

Prior to the acquisition of Cerro de Pasco Resources Subsidiaria del Perú S.A.C. (formerly Trevali Peru S.A.C.) (“Santander”) the Company had been in pre-operative stage company. As of December 3, 2021 with the acquisition of Santander, the Company engaged in the development of all types of mining activities, without exception, which include the exploration and exploitation of mining rights, processing and sale of minerals and metals, such as lead, zinc and silver in the Santander mining unit that is located in Santa Cruz de Andamarca, province of Huaral, Lima, Peru.

### 2. GOING CONCERN:

The accompanying consolidated financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the three-month period ended March 31, 2022, the Company recorded net income of \$2,297,753 (net loss of \$1,274,562 in 2021) due mainly to the continuing investment made in the EL Metalurgista Project that has generated and has an accumulated deficit of \$30,273,145 as at March 31, 2022 (\$32,570,898 as at December 31, 2021) due to the purchase, on December 3, 2021 of their first operating unit (Santander). As at March 31, 2022, the Company had a negative working capital of \$416,402 (\$4,735,855 as at December 31, 2021) consisting of cash and cash equivalents of \$8,619,939 (\$12,633,042 as at December 31, 2021). Management believes that while these funds will be adequate to operate the Santander mine, it may not be sufficient to meet the obligations and commitments of the Company as a whole. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern; unless any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. In the year ended December 31, 2021, the Company raised \$2,998,295 from private placements consisting of common shares to fund exploration works and working capital (\$19,025,757 net cash achieved in the acquisition of the Santander mining operations). While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets.

### 3. BASIS OF PREPARATION:

#### **Statement of compliance:**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standard Board (“IASB”) in accordance with IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2021.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

### **Basis of measurement:**

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

### **Basis of consolidation:**

A subsidiary is an entity over which the Company has control. The Company controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The subsidiaries have a reporting date of December 31. The Company attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. All intra-group transactions and balances are eliminated in full on consolidation.

<b>Subsidiary</b>	<b>Status</b>	<b>Jurisdiction of Incorporation</b>	<b>Principal activity</b>	<b>% Of Ownership</b>
Cerro de Pasco Resources Sucursal del Perú	Active	Peru	Exploration	100%
Cerro de Pasco Resources Subsidiaria del Perú S.A.C. (formerly Trevali Peru S.A.C., "Santander")	Active	Peru	Production	100%
H2-SPHERE GmbH (H2 Sphere")	Active	Germany	Research	80%
Subsidiary 1 - Zippler Inc. ("Zippler")	Inactive	Canada	none	100%
Subsidiary 2 - Zencig Corp. ("Zencig")	Inactive	USA	none	70%

### **Functional and presentation currency:**

The consolidated financial statements are presented in Canadian dollars. The functional currency of Cerro de Pasco Resources Inc. and the Subsidiary 1 is the Canadian dollars. The functional currency of Cerro de Pasco Resources Sucursal del Perú, Santander and the Subsidiary 2 is the US dollars. The functional currency of H2-Sphere GmbH is the Euro.

### **Use of estimates and judgements:**

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim consolidated financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in the annual audited consolidated financial statements of the Company as at December 31, 2021.

## **4. CHANGES IN ACCOUNTING POLICY:**

There were no accounting changes in accounting policy to disclose during the year ended March 31, 2022

## **5. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

### **Revenue recognition**

The principal activity from which the Corporation generates its revenue is the sale of zinc and lead-silver concentrates to third parties. Revenue is measured based on the consideration specified in the contract with the customer. Revenue of sales concentrate is recognized at a point of time when the Corporation transfers control of a product to the customer, which generally occurs when the concentrate is transferred to the carrier transporting the product.

### **Non-controlling interests:**

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity.



# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

Total Comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

### **Foreign currency transactions and balances:**

The consolidated financial statements are presented in Canadian dollars (see Note on Functional and presentation currency). Foreign currency transactions and balances are translated in their respective functional currency using the following method:

- Monetary assets and liabilities in foreign currency are translated at the closing exchange rate in effect at the reporting date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date.
- Revenues and expenses are translated at the average rate in effect during the year.
- Gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are included in profit or loss.
- Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Assets, liabilities, and transactions of the subsidiary with a functional currency other than the Canadian dollars are translated into Canadian dollars on consolidation. On consolidation, assets and liabilities are translated into Canadian dollars at the closing rate of the reporting date. Income and expenses are translated under the Company's presentation currency at the average rate over the reporting year. Exchange differences are presented as other comprehensive loss and recognized in Accumulated other comprehensive loss in deficiency. On disposal of a foreign operation, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Goodwill, intangibles and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the rate in effect at the statement of financial position date

### **Financial instruments:**

#### **(a) Recognition and derecognition:**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

#### **(b) Classification and initial measurement of financial assets:**

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI").

In the periods presented, the Company does not have any financial assets categorized as fair value through other comprehensive income.

- The classification is determined by both:
- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expenses, finance income or other financial items, except for impairment of trade receivables which is presented within general and administrative expenses.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

### (c) Subsequent measurement of financial assets:

#### (i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments, and other receivables (except sales tax receivable) fall into this category of financial instruments.

#### (ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category contains marketable securities in a quoted company. The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investment in Genius Metal Inc. and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirement of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### **Compound financial instruments:**

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

### **Impairment of financial assets:**

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included other receivables (except sales tax receivable).

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not
- Stage 3: there is objective evidence of impairment as at the reporting date (using the criteria currently included in IAS 39).

A 12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### **Classification and measurement of financial liabilities:**

The Company's financial liabilities at amortized cost include trade accounts payable and other liabilities, convertible debenture and loan. The Company's financial liabilities designated at FVTPL include warrants and embedded derivative on convertible debenture.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance expenses or finance income.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

### **Business Acquisitions:**

The Company accounts for its acquisitions using the acquisition method whereby assets acquired and liabilities assumed are recorded at their estimated fair values with the surplus of the aggregate consideration relative to the fair value for the identifiable net assets recorded as goodwill.

The acquisition method of accounting is used to account for the acquisition of subsidiaries as follows:

- cost of consideration is measured as the fair value of the assets provided, equity instruments issued, liabilities incurred or assumed and any non-controlling interest acquired at the acquisition date;
- identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date;
- the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- if the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is re-assessed and any residual difference is recognized directly in net earnings;
- any costs directly attributable to the business combination are expensed as incurred; and
- contingent consideration is measured at fair value at the acquisition date and changes in fair value are recognized in net earnings.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

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### ***Basic and diluted loss per share:***

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options.

### ***Cash and cash equivalents:***

Cash and cash equivalent consists of cash and cash in trust, as well as other highly liquid short-term investments, easily convertible in a known amount of cash and subject to negligible risk of value impairment.

### ***Marketable securities:***

Marketable securities comprise of shares of other publicly trading companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base related to share of other public trading companies is recorded in net loss.

### ***Inventories***

Inventories comprise finished products, stockpile and supplies. Finished products and are valued at cost or net realizable value, whichever is lower. The finished goods and stockpile include all production costs incurred directly, including direct labor and materials, freight and amortization, and directly attributable operating expenses. Supplies to be used in exploration and production are valued at acquisition cost, freight, and other directly attributable costs, which is determined using the weighted average method and the cost of inventories to be received, using the specific cost method.

The impairment of the value of the inventories is determined based on the net realizable value, which is the estimated sale price in the normal course of business, less the costs necessary to finish their production, put the inventories in a condition for sale and carry out their commercialization. For reductions in the book value of the inventories to their net realizable value, a provision for inventory impairment is made with a charge to profit or loss in the period in which such reductions occur.

The devaluation of supplies is calculated annually taking into account the inventory items that have not had movements in the last 12 months, discounting security or critical items. The provision for impairment for the period is recorded with a charge to profit or loss for the year.

### ***Property, plant and equipment:***

Property, plant and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property, plant and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For the Santander mining unit, depreciation is determined using the units of production method calculated based on the reserves and economically recoverable resources for machinery and plant equipment, mining unit and asset retirement cost. Other operations, the fixed assets including buildings, facilities, other equipment, computer equipment, communication equipment, and furniture and fixtures are depreciated using the straight-line method over the useful life of assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and works in progress are not depreciated.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

The estimated useful lives are as follows:

	Depreciation method	Years of useful life	
		2022	2021
Buildings	Straight-line	10	10
Mining unit	PU	4	4
Plant	PU	4	4
Facilities	Straight-line	10	10
Other equipment	Straight-line	10	10
Computer equipment	Straight-line	3 to 5	3 to 5
Communication equipment	Straight-line	5	5
Software	Straight-line	2	2
Furniture and fixture	Straight-line	5 to 10	5 to 10
Asset retirement cost	PU	4	4

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are *expected* from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

### ***Mining properties and exploration and evaluation plant assets:***

Exploration and evaluation expenditures are costs incurred during the initial search of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

Expenses related to exploration and evaluation include topographical, geological, geochemical, geophysical, exploration drilling, trenching, sampling, general expenses, financial charges, management fees and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts, the difference is then immediately recognized in profit or loss. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirement.

### ***Impairment of mining properties, exploration and evaluation assets and property, plant and equipment:***

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

### ***Provisions, contingent liabilities, and contingent assets:***

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable, and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

As at March 31, 2022 and December 31, 2021, the Company had the provision for remediation and mine closure.

### ***Income taxes:***

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity. However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprise only of deferred tax.

Currently, income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense.

### **Leases:**

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. 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 stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities on the consolidated statements of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease

### **Share capital:**

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the warrants and share options accounts. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

### **Unit placements:**

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black-Scholes valuation model and is recorded separately under "warrants".

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

### **Other elements of equity:**

Warrants and share options accounts include unrealized charges related to share options and warrants until they are exercised, if applicable. Contributed surplus includes compensation expense related to share options and warrants not exercised and expired.

Deficit includes all current and prior year retained losses.

Accumulated other comprehensive loss includes all foreign currency translation adjustments.

### **Equity-settled share-based compensation:**

The Company has an equity-settled share-based compensation plan for its eligible directors, employees, and consultants. The Company's plan is not cash-settled.

All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted.

All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

### **New standards and interpretations that have not yet been adopted:**

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2019, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

## **6. INTERESTS IN SUBSIDIARIES:**

The Company's consolidated financial statements include two subsidiaries with a non-significant NCI.

<b>Name</b>	<b>Proportion of ownership interest and voting rights held by NCI</b>	<b>Total Comprehensive Loss held by NCI</b>	<b>Accumulated NCI</b>
Zencig	30%	-	-
H2 -Sphere GMBH	80%		

No dividends were paid to the NCI during the periods ended March 31, 2022 and December 31, 2021.

## **7. EQUITY**

### **a. Authorized:**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

### **b. Issued and outstanding:**

#### **2021:**

On January 7, 2021, the Company issued to service providers 50,000 common shares valued at \$19,000 for business development consultancy and consulting fees.



# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

On February 22, 2021, the Company issued to service providers 30,000 common shares valued at \$11,400 for business development consultancy and consulting fees.

### 2022:

On January 24, 2022, the Company issued to a service provider 60,000 common shares valued at \$15,000 for business development consultancy and consulting fees.

On February 9, 2022, extended the terms of 2,343,500 common share purchase warrants pursuant to private placement offerings between February 28, 2020 and March 6, 2020 which entitled its holder to purchase one common share of the Corporation at an exercise price is \$0.65 for a period of two years to February 28, 2023 and reduced the exercise price of \$0.50, except for 53,150 warrants held by insiders of the Corporation which remained at an exercise price of \$0.65.

On February 9, 2022, extended the terms of 10,184,588 common share purchase warrants pursuant to private placement offerings between June 15, 2020, June 16, 2020, July 2, 2020, August 21, 2020 and August 28, 2020 which entitled its holder to purchase one common share of the Corporation at an exercise price is \$0.50 for a period of two years to February 28, 2023.

On February 17, 2022, the Company issued to two service providers a total of 30,000 common shares valued at \$7,500 for business development consultancy and consulting fees.

On March 28, 2022, the Company issued to a service provider 303,797 common shares valued at \$79,949 for business development consultancy and consulting fees.

On March 28, 2022, the Company issued to a service provider 303,797 common shares valued at \$79,949 as a senior advisor of H2 Sphere for business development consultancy and consulting fees. In addition, the Company issued under this consultancy agreement dated January 1, 2022, options to purchase an aggregate of 340,000 common shares of its capital stock, at \$0.40 per share, for a period of five years, as long as he remains employed by H2 Sphere.

On March 28, 2022, the Company issued 342,857 common shares valued at \$85,714 to the CEO of H2 Sphere as compensation for services under an employment agreement dated January 1, 2022. In addition, the Company issued under this employment agreement options to purchase an aggregate of 700,000 common shares of its capital stock, at \$0.40 per share, for a period of five years, as long as he remains employee of H2 Sphere.

### c. Warrants:

The following table provides outstanding warrants information as at March 31, 2022:

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price \$	Remaining life (years)
February 28, 2023	53,150	0.65	0.9
February 28, 2023	12,474,938	0.50	0.9
August 28, 2022	250,000	0.37	0.4
April 8, 2023	1,697,500	0.50	1.0
April 22, 2023	1,511,063	0.50	1.1
April 30, 2023	532,214	0.50	1.1
May 27, 2023	542,500	0.50	1.2
June 15, 2023	1,857,143	0.50	1.2
November 26, 2024	3,000,000	0.50	2.7
	22,704,222	0.50	1.2

# CERRO DE PASCO RESOURCES INC.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2022 and 2021

(in Canadian dollars)

### d. Share-based compensation:

#### Share option plan:

The Company has a stock option plan whereby the Board of Directors, may grant to directors, officers or consultants of the Company, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a "Rolling" stock option plan reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company or up to twelve months after the beneficiary has left.

The following table provides outstanding share options information as of March 31, 2022:

Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			\$	(years)
March 10, 2023	200,000	200,000	0.40	0.7
August 19, 2023	200,000	200,000	0.40	1.1
August 28, 2023	200,000	200,000	0.40	1.2
March 7, 2024	5,400,000	5,400,000	0.40	1.7
March 29, 2024	50,000	50,000	0.40	1.8
May 6, 2024	200,000	200,000	0.50	1.9
September 16, 2024	200,000	200,000	0.40	2.2
August 28, 2025	4,145,000	4,145,000	0.40	3.2
March 28, 2027	340,000	340,000	0.40	4.8
March 28, 2027	700,000	700,000	0.40	4.8
	11,635,000	11,635,000	0.40	2.5

### 8. RELATED PARTY TRANSACTIONS:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended	
	March 31 2022	March 31 2021
	\$	\$
Management and consulting fees	943,758	368,088
Salaries and director's fees	44,420	22,792
Share-based compensation	256,964	-
	1,245,142	390,880

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.