

CASCADERO COPPER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Cascadero Copper Corporation**

Opinion

We have audited the consolidated financial statements of **Cascadero Copper Corporation** (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

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

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

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

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

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

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

Mao & Ying LLP

Vancouver, Canada,
March 30, 2021

Chartered Professional Accountants

CASCADERO COPPER CORPORATION

(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

| | Notes | November 30, 2020 | November 30, 2019 |
|---|----------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 158,734 | \$ 266 |
| Marketable securities | 4 | 25,986 | 178,422 |
| Taxes receivable | | 17,819 | 17,900 |
| Prepaid expenses | | 8,752 | 2,252 |
| | | 211,291 | 198,840 |
| Due from a related party | 10(a) | — | 168,848 |
| Equipment | | — | 756 |
| | | \$ 211,291 | \$ 368,444 |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 417,510 | \$ 191,951 |
| Due to related parties | 10(a) | 888,529 | 914,717 |
| Loans payable | 7, 10(b) | 316,805 | 326,500 |
| Share of net liabilities in joint venture | 5 | 83,521 | 50,136 |
| | | 1,706,365 | 1,483,304 |
| SHAREHOLDERS' DEFICIENCY | | | |
| Share capital | 9 | 22,751,678 | 22,382,188 |
| Contributed surplus | | 4,914,805 | 4,852,653 |
| Accumulated other comprehensive loss | | (13,126) | (430,137) |
| Deficit | | (29,148,431) | (27,919,564) |
| | | (1,495,074) | (1,114,860) |
| | | \$ 211,291 | \$ 368,444 |

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

Approved by the Board of Directors

"Greg Andrews"

Director

"George H. Gale"

Director

CASCADERO COPPER CORPORATION

(An exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

| | | For the year ended November 30, 2020 | For the year ended November 30, 2019 |
|---|-------|---|---|
| | Notes | | |
| Expenses | | | |
| Advertising and promotion | | \$ — | \$ 1,025 |
| Bank charges and interest expense | | 1,771 | 2,088 |
| Depreciation | | 756 | 365 |
| General and administrative | | 37,945 | 68,918 |
| Interest and penalties (Part VII.6 tax) | | 48,960 | — |
| Management fees | 10(d) | 58,925 | 111,500 |
| Professional fees | | 302,127 | 187,127 |
| Rent | 10(d) | 1,200 | 9,795 |
| Share-based compensation | 9(c) | 62,152 | 41,841 |
| Written-off other receivables | 10 | 171,100 | — |
| Gain on disposal of exploration and evaluation assets | 6 | (70,450) | — |
| Share of loss of investment in joint venture | 5 | 212,945 | 24,569 |
| | | 827,431 | 447,228 |
| Loss before the other items | | (827,431) | (447,228) |
| Other items | | | |
| Accretion expense | 10(c) | (61,295) | (25,000) |
| Foreign exchange gain | | 50,411 | 35,649 |
| Gain on disposal of marketable securities | 4 | 12,956 | — |
| Fair value adjustment loss realized | | (403,508) | — |
| | | (401,436) | 10,649 |
| Net loss for the year | | \$ (1,228,867) | \$ (436,579) |
| Other comprehensive income (loss) | | | |
| Change in fair value of marketable securities | | 10,068 | (101,956) |
| Transfer fair value adjustment loss realized to profit and loss | | 403,508 | — |
| Foreign currency translation difference | | 3,435 | 59 |
| Comprehensive loss for the year | | \$ (811,856) | \$ (538,476) |
| Basic and diluted loss per common share | | \$ (0.007) | \$ (0.002) |
| Weighted average number of shares outstanding, basic and diluted | | 179,576,208 | 177,177,472 |

CASCADERO COPPER CORPORATION

(An exploration stage company)

Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

| | Notes | Number of shares issued | Number of treasury shares | Number of Shares outstanding | Share capital | Contributed surplus | Deficit | Accumulated other compre- hensive (loss) income | Total |
|---|-------|-------------------------------|---------------------------------|------------------------------------|----------------------|------------------------|------------------------|--|-----------------------|
| Balance, November 30, 2018 | | 194,298,892 | 16,498,026 | 177,800,866 | \$ 22,382,188 | \$ 4,810,812 | \$ (27,482,985) | \$ (328,240) | \$ (618,225) |
| Share-based compensation | | — | — | — | - | 41,841 | — | — | 41,841 |
| Foreign currency translation difference | | — | — | — | — | — | — | 59 | 59 |
| Unrealized loss on marketable securities | | — | — | — | — | — | — | (101,956) | (101,956) |
| Net loss for the year | | — | — | — | — | — | (436,579) | — | (436,579) |
| Balance, November 30, 2019 | | 194,298,892 | 16,498,026 | 177,800,866 | \$ 22,382,188 | \$ 4,852,653 | \$ (27,919,564) | \$ (430,137) | \$ (1,114,860) |
| Balance, November 30, 2019 | | 194,298,892 | 16,498,026 | 177,800,866 | \$ 22,382,188 | \$ 4,852,653 | \$ (27,919,564) | \$ (430,137) | \$ (1,114,860) |
| Fair value of loan bonus warrants issued | 10(c) | — | — | — | — | 169,490 | — | — | 169,490 |
| Warrants exercised | 9(b) | 8,000,000 | — | 8,000,000 | 369,490 | (169,490) | — | — | 200,000 |
| Share-based compensation | 9(c) | — | — | — | — | 62,152 | — | — | 62,152 |
| Cancellation of treasury shares | | — | (16,498,026) | — | — | — | — | — | — |
| Unrealized loss on marketable securities | | — | — | — | — | — | — | 10,068 | 10,068 |
| Transfer fair value adjustment loss realized to profit and loss | | — | — | — | — | — | — | 403,508 | 403,508 |
| Foreign currency translation difference | | — | — | — | — | — | — | 3,435 | 3,435 |
| Net loss for the year | | — | — | — | — | — | (1,228,867) | — | (1,228,867) |
| Balance, November 30, 2020 | | 202,298,892 | — | 185,800,866 | \$ 22,751,678 | \$ 4,914,805 | \$ (29,148,431) | \$ (13,126) | \$ (1,495,074) |

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

CASCADERO COPPER CORPORATION

(An exploration stage company)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

| | For the year ended November 30, 2020 | For the year ended November 30, 2019 |
|---|---|---|
| Operating Activities | | |
| Net loss of the year | \$ (1,228,867) | \$ (436,579) |
| Adjustments for items not involving cash: | | |
| Depreciation | 756 | 365 |
| Accretion expense | 61,295 | 25,000 |
| Share-based compensation | 62,152 | 41,841 |
| Foreign exchange | (47,262) | (36,840) |
| Written-off other receivables | 171,100 | — |
| Gain on disposal of exploration and evaluation assets | (70,450) | — |
| Gain on disposal of marketable securities | (12,956) | — |
| Fair value adjustment loss realized | 403,508 | — |
| Share of loss of investment in joint venture | 212,945 | 24,569 |
| | (447,779) | (381,644) |
| Net changes in non-cash working capital items | | |
| Taxes receivable | 81 | 51,581 |
| Prepaid expenses | (8,752) | 5,089 |
| Due from/to related parties | (26,188) | 53,579 |
| Accounts payable and accrued liabilities | 84,889 | (40,309) |
| Cash used in operating activities | (397,749) | (311,704) |
| Investing activities | | |
| Investment in joint venture | (129,175) | (245,742) |
| Cash received from disposition of exploration and evaluation assets | 197,881 | — |
| Proceeds from disposition of marketable securities | 175,461 | — |
| Cash (used in) provided by investing activities | 244,167 | (245,742) |
| Financing activities | | |
| Proceeds from loan payable, net of repayment | 98,500 | 101,500 |
| Warrants exercised | 200,000 | — |
| Cash received from joint venture partner | 13,550 | 292,652 |
| Cash provided by financing activities | 312,050 | 394,152 |
| Increase (decrease) in cash | 158,468 | (163,294) |
| Cash , beginning of the year | 266 | 163,560 |
| Cash , end of year | \$ 158,734 | \$ 266 |

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cascadero Copper Corporation ("Cascadero" or the "Company") was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is engaged in the business of acquiring, exploring and developing mineral properties located primarily in Argentina. The Company is considered to be in the exploration stage. The Company's head office and principal address is located at #395, 901 West Third Street, North Vancouver, B.C. V7P3P9

The Company is in the process of exploring and developing mineral properties and has not yet determined whether these properties contain precious mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

The Company has a history of losses with no operating revenue other than interest income. As at November 30, 2020, the Company has incurred cumulative losses of \$29,148,431 (2019 – \$27,919,564) and had a negative working capital of \$1,495,074 (2019 – \$1,284,464). The ability of the Company to continue operations and carry out its planned business objectives is dependent on its ability to raise adequate financing from shareholders and other investors, the continued support from its directors and creditors, and the successful development of mineral properties or alternatively upon the Company's ability to dispose of its interest in mineral properties on an advantageous basis in the future. The outcome of these matters cannot be predicted at this time. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The above factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and liabilities in the normal course of business.

Since February 2020, the coronavirus ("COVID-19) has threatened a slowdown in the global economy and caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position, results of operations and cash flows in future periods.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS in effect as of November 30, 2020.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 30, 2021.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to all periods presented in these consolidated financial statements.

a) Principles of consolidation

These consolidated financial statements include the accounts of Cascadero and the accounts and operations of the following entities:

| Entities | Jurisdiction of Incorporation | Ownership |
|--|--------------------------------------|------------------|
| SESA Holdings, LLC ("SHL") | United States | Control |
| Cascadero Minerals Corporation ("CMC") | Canada | Note 5 below |
| Salta Exploraciones S.A. ("Salta") | Argentina | Note 5 below |
| Cascadero Minerals S.A. ("CMSA") | Argentina | Note 5 below |
| Salta Geothermal S.A. ("SGSA") | Argentina | Note 5 below |
| Trumetals S.A. ("TSA") | Argentina | Note 5 below |

Subsidiaries are entities controlled by the Company. The Company controls an investee if and only if the Company has:

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains controls over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statements of loss and comprehensive loss from the date the Company gains control until the date the Company ceases to control the subsidiary.

Up until November 29, 2016, Cascadero is the legal and beneficial holder of all of the issued and outstanding shares of CMSA, SGSA and TSA. These entities were duly formed under the laws of Argentina which holds certain mineral properties in Argentina. On November 30, 2016, the Company underwent a reorganization by transferring and assigning all legal and beneficial interests in CMSA, SGSA and TSA to CMC (the "Reorganization") and CMC became a vehicle indirectly holding all Argentina mineral properties. After the Reorganization, CMC, CMSA, SGSA and TSA are collectively referred to as the Argentina Entities. The Company lost control in the Argentina Entities effective November 30, 2016, and retained a joint control (see Note 5). The Argentina Entities' operating results are accounted for using the equity method effective November 30, 2016.

b) Joint arrangements

A joint arrangement is a contractual arrangement where two or more parties undertake an economic activity that is subject to joint control. Joint control exists when the parties involved in the contractual arrangement agree to share control over the economic activity, and the financial and operating decisions are agreed to be made by unanimous consent.

There are two types of joint arrangements: joint operations and joint ventures. A joint operation exists when the parties with joint control have rights to the assets and the obligations for the liabilities. A joint venture exists when the parties with joint control have the rights to the net assets of the arrangement.

Joint ventures are accounted for using the equity method, which involves recognition in the income statement of the Company's share of the net result of the joint ventures for the year. The Company's interest in a joint venture is carried in the consolidated statements of financial position at its share in the net assets of the joint

Cascadero Copper Corporation
Notes to the Consolidated Financial Statements
For the years ended November 30, 2020 and 2019
(Expressed in Canadian dollars)

venture, less any impairment loss. When the share in the losses exceeds the carrying amount of an equity-accounted company (including other receivables forming part of the net investment in the joint venture), the carrying amount is written down to nil and recognition of further losses is discontinued, unless the Company has legal or contractual obligations relating to the joint venture.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as share of profit/loss of an associate or joint venture in the consolidated statements of loss.

c) Presentation currency and foreign currency translation

The presentation currency of the Company is Canadian dollars.

Functional currency is the currency of the primary economic environment in which an entity operates. The functional currencies of the Company, CMC and SHL are Canadian dollars, and the functional currencies of the Argentina entities are the Argentine pesos. The assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rate of exchange during the year. All resulting exchange differences are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in other than the functional currency are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to the consolidated statements of loss.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at November 30, 2020 and 2019, the Company did not have cash equivalents.

e) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the declining balance method at the following annual rates:

| | |
|------------------------|-----|
| Computer equipment | 45% |
| Furniture and fixtures | 20% |

Additions during the year are amortized pro-rata based on the annual amortization rate.

f) Exploration and evaluation assets

(i) Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such exploration and evaluation (“E&E”) costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proven and or probable mineral reserves are determined to exist. The Company has not established NI 43-101 compliant proven or probable reserves on any of its mineral properties.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest, with any excess cash accounted for as a gain on disposal.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(iii) Impairment

Exploration and evaluation assets are assessed for impairment at each reporting period or when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area having not led to the discovery of any commercially viable quantities of mineral resources.

Where an impairment loss is subsequently reversed the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Earnings (loss) per share

Earnings (loss) per share are calculated using the weighted average number of shares outstanding.

The Company uses the treasury stock method for computing diluted earnings (loss) per share. This method assumes that any proceeds obtained upon exercise of options or warrants would be used to purchase common shares at the average market price during the period.

Diluted earnings (loss) per share for the years ended November 30, 2020 and 2019, are equal to loss per share as the effect of applying the treasury stock method is anti-dilutive.

h) Share-based payments

The Company recognizes share-based compensation expense for all stock options awarded to directors, officers and employees based on the fair values of the stock options at the date of grant. The fair values of the stock options at the date of grant are expensed over the vesting periods of the stock options with a corresponding increase to equity. The fair value of stock options granted to directors, officers and employees is determined using the Black-Scholes option pricing model with market related inputs as of the date of the grant. The fair value of stock options granted to non-employees is measured at the fair value of the services delivered unless fair value cannot be estimated reliably, in which case, fair value is determined using the Black-Scholes option pricing model. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Forfeitures are accounted for using estimates based on historical actual forfeiture data.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

j) Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at November 30, 2020 and 2019, the Company had no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Cascadero Copper Corporation
Notes to the Consolidated Financial Statements
For the years ended November 30, 2020 and 2019
(Expressed in Canadian dollars)

k) Financial Instruments

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the Company’s financial assets and liabilities classification under IFRS 9:

| Financial assets/liabilities | IFRS 9 |
|--|----------------|
| Cash and cash equivalents | FVTPL |
| Marketable securities | FVTOCI |
| Due from related parties | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Loans payable | Amortized cost |
| Due to related parties | Amortized cost |

ii) Measurement

Initial measurement

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction costs are expensed as incurred.

Subsequent measurement

Financial assets and liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income or costs.

Financial assets and liabilities classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss.

Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income (“OCI”).

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. The Company derecognizes a financial liability when its contractual

obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

vi) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

l) Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

Information about critical accounting estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

i) Judgements

Valuation of exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

Joint Arrangement

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over the other companies. Management has used its judgement to determine which companies are controlled and require consolidation, and those which are significantly influenced or jointly controlled and require equity accounting. Determination of the date that the Company's interest in the Argentina Entities changed from control to joint control also required significant judgement. The Company has determined that effective November 30, 2016, the Company lost control in the Argentina Entities and retained joint control in these entities as the participating parties have joint control and a right to the net assets of the arrangement.

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Significant judgements and estimates are also required to determine the fair value of the investments retained in the Argentina Entities that were former subsidiaries of the Company.

At each reporting date, the Company determines whether there is objective evidence that the investment in associate or joint venture is impaired. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of the investment in associate or joint venture may exceed its recoverable amount.

Provision

Management assesses the probability of a liability being payable as either remote, more than remote or probable. If the liability is considered to be less than probable, then the liability is not recorded, and it is only disclosed as a contingent liability.

ii) Estimates

Share-based payment transactions

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 9 (c).

4. MARKETABLE SECURITIES

Marketable securities consist of common shares of Amarc Resources Ltd. ("Amarc"), a publicly traded company, and have been recorded at fair value based on quoted market prices, with unrealized gains or losses reported as other comprehensive income or loss. The continuity of the marketable securities is presented below:

| | Number of Shares | Carrying Value | Fair Value |
|-----------------------------------|------------------|----------------|---------------|
| | | \$ | \$ |
| Balance, November 30, 2018 | 5,097,778 | 614,178 | 280,378 |
| Additions | — | — | — |
| Balance, November 30, 2019 | 5,097,778 | 614,178 | 178,422 |
| Disposals | 4,698,000 | 566,013 | |
| Balance, November 30, 2020 | 399,778 | 48,165 | 25,986 |

5. INVESTMENT IN JOINT VENTURE

On December 21, 2015, the Company and Regberg Ltd. ("Regberg") signed an Amendment #2 Operating Agreement of SESA Holdings, LLC (the "Amendment #2 Agreement") in connection with the acquisition by Regberg of 25% of SHL for US\$850,000. In April 2016, Regberg exercised an option to acquire a further 5% interest in SHL by paying US\$175,000 (collectively referred as the "Regberg Transaction"). In connection with the Regberg Transaction, the Company also issued 5,824,600 treasury shares held by CMC to Regberg in November 2016, and the Company and Regberg entered into an Amendment #3 Operating Agreement of SESA Holdings, LLC (the "Amendment #3 Agreement"). The treasury shares were issued to Regberg at a deemed issue price of \$0.095 per share, being the Company's stock trading price at date of issuance.

On November 30, 2016, the Company underwent a reorganization whereby the Company transferred and assigned all of its beneficial interests in CMSA, SGSA and TSA to CMC and has agreed that Regberg has 30% of direct interest in CMC pursuant to the Regberg Transaction. The Company, Regberg and CMC subsequently entered into a shareholders' agreement dated May 10, 2017 (the "CMC Shareholders Agreement") which provides that, among other things, for so long as Regberg owns at least 25% of CMC's outstanding common shares, CMC's board of directors shall consist of an even number of directors, and Regberg shall have the right to appoint one-half of CMC's directors. Further, the Company is given a right of first refusal that would apply if Regberg wishes to sell its CMC shares. The CMC Shareholders Agreement also provides for certain pre-emptive rights to each of the Company and Regberg that would apply if CMC proposes to allot any shares,

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“drag-along” rights (which would apply if the Company receives a bona fide offer from an arm’s length third party to purchase all of the issued and outstanding shares of CMC that are approved by the Company’s board of directors), and “tag-along” rights (which limits the Company’s ability to effect any transaction or series of transactions which would result in a change of control of CMC, without first providing Regberg with an opportunity to sell to the purchaser(s) all of the CMC shares owned by Regberg at the same price per share being received by the Company).

The Amendment #3 Agreement does not give each party the right to the assets and obligations for the liabilities relating to the arrangement, rather they split the net value. Pursuant to the same agreement, each party is responsible for funding its respective share of exploration costs. Failing to provide its pro rata share of the funds required would cause an adjustment to its interests in the Argentina Entities based on the formula defined in the Amendment #3 Agreement. No profits can be distributed without consent by the majority of the managers.

Effective March 13, 2020, Regberg, with the consent of the Company, transferred all of its shares in CMC to NB Projects Asia Pte. Ltd. (“NB Projects Asia”). CMC, the Company, Regberg and NB Projects Asia entered into an Assignment and Assumption Agreement dated March 13, 2020 pursuant to which NB Projects Asia has agreed to assume, be bound by, and discharge the obligations of Regberg under the CMC Shareholders’ Agreement.

The interest in Argentina Entities is accounted using the equity method. Summarized financial information of the Argentina Entities and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

| | November 30, 2020 \$ | November 30, 2019 \$ |
|--|---|----------------------------|
| Current assets | 3,316 | 136 |
| Current liabilities | (121,523) | (71,107) |
| Non-current liabilities | (1,109) | (652) |
| Net liabilities | (119,316) | (71,623) |
| Ownership interest | 70% | 70% |
| Proportion of the Company's ownership interest | (83,521) | (50,136) |
| | 2020 \$ | 2019 \$ |
| Revenue | — | — |
| Expense | 212,945 | 317,221 |
| Net loss and total comprehensive loss | (212,945) | (317,221) |

The Argentina Entities had no material contingent liabilities and no capital commitments as at November 30, 2020 and 2019. (Also see Notes 6 and 8)

6. EXPLORATION AND EVALUATION ASSETS

Argentina Mineral Properties

The Company, through CMSA, SGSA and TSA holds certain mineral properties in Argentina (also see Note 5). The exploration costs incurred have been written off as at November 30, 2020 and 2019. There was no expenditure incurred for the years ended November 30, 2020 and 2019.

On December 2, 2019, the Company, through the joint venture CMC and its subsidiary SGSA, entered into an Exploration and Development Earn-In Agreement (the "Earn-In Agreement") with Golden Minerals Company ("Golden"). Pursuant to the Earn-In Agreement, SGSA has granted Golden the exclusive right to acquire a 51% ownership in the Sarita Este Concession, subject to a non-refundable cash payment of \$197,881 (US\$150,000) (received) and incurring a total of US\$2.5 million of minimum work requirements for exploration and development expenditures on the concession. Golden may make cash payments in lieu of annual work commitment as follows: (i) US\$300,000 in the second year, plus a 2,000 meters core drilling program on the concession; (ii) US\$500,000 in the third year; and (iii) the remaining balance of US\$1.7 million by the end of fourth year (also see Note 8).

7. LOAN PAYABLE

As of November 30, 2019, the Company had a loan advance of \$101,500 from a director and former Chief Financial Officer ("CFO") and Corporate Secretary of the Company of the Company (Note 10 a) (vi)). This loan was non-interest bearing and was secured by 3,000,000 Amarc shares owned by the Company (Note 4). The loan was repaid in full in January 2020.

8. CONTINGENT LIABILITY

The Company entered into an agreement dated September 3, 2015 (the "Contingent Agreement") with an Argentine drilling contractor, pursuant to which the Company agreed to pay up to a maximum amount of US\$1 million in the event of a sale of part, or whole, of any of the mining concessions in the Company's Taca Taca Group. The Taca Taca Group, for the purposes of this agreement, consists primarily of (a) Sarita Sur, (b) Sarita Este, (c) La Sarita I, (d) La Sarita II, (e) the 50% interest over Francisco 1, (f) the 50% interest over Francisco 2, (g) the 33.3% interest over Desierto I, and (h) the 33.3% interest over Desierto II.

The Company and contractor have agreed that the Earn-in Agreement with Golden (Note 6) constitutes a sales transaction as described in the Contingent Agreement and the contractor is entitled to 50% of the US\$150,000 payment received, creating an obligation of US\$75,000 to the contractor. This amount has been accrued in accounts payable and accrued liabilities as at November 30, 2020. The liability will be paid in 10 monthly installments starting in January 2021.

The US\$75,000 payment will be credited towards the maximum contingent liability amount of US\$1,000,000, which will then reduce the contingent liability to a maximum amount of US\$925,000.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

At November 30, 2020, 185,800,866 common shares were issued and outstanding (2019 – 194,298,892 common shares were issued and of which 16,498,026 common shares were treasury shares, resulting in total common shares outstanding of 177,800,866).

On September 10, 2020, 8,000,000 warrants with an exercise price of \$0.025 per share and an expiry date of July 21, 2021 have been exercised for gross proceeds of \$200,000 (Note 10 c)). A value of \$169,490 was transferred from contributed surplus to share capital as a result.

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On September 17, 2020, the 16,498,026 treasury shares were returned and cancelled.

c) Stock Option Plan

The Company has a stock option plan for the benefit of directors, management and certain consultants of the Company. An updated stock option plan was approved in January 2020 (the "2019 Stock Option Plan"). Under the 2019 Stock Option Plan, the maximum aggregate number reserved for optioned shares at any point in time is 21,173,922 shares. The exercise price of each option may be discounted up to the discounted market price as defined by policy 1.1 of the TSX Venture Polices. Each option's vesting period shall be at the discretion of the board of directors and its maximum term is ten years.

In January 2020, the Company granted 2,000,000 stock options to a director who is also an officer of the Company at an exercise price of \$0.05 per share. These options vest immediately and will expire in January 2025.

For the year ended November 30, 2020, \$62,152 (2019 - \$41,841) was recorded as share-based compensation expense relating to management and general consulting services.

The fair value of the options granted in 2020 was estimated using the Black-Scholes options pricing model with the following assumptions:

| | <u>2020 Grants</u> |
|---|--------------------|
| Weighted average fair value | \$0.05 |
| Risk-free interest rate | 2.09% |
| Dividend yield | \$0.00 |
| Expected volatility | 75.43% |
| Weighted average expected life of options | <u>5 years</u> |

Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the company's stock options. The Company's expected volatility is based on the historical volatility of the Company's share price.

The continuity schedule of stock options as at November 30, 2020 and 2019 is as follows:

| | <u>Outstanding</u> |
|---|--------------------|
| Balance - November 30, 2018 | 18,100,000 |
| Stock options expired | (300,000) |
| Balance - November 30, 2019 | 17,800,000 |
| Stock options expired | (15,300,000) |
| Stock options forfeited | (3,500,000) |
| Stock options granted | 2,000,000 |
| Balance - November 30, 2020 | 1,000,000 |
| Stock options exercisable - November 30, 2020 | 1,000,000 |

The following table summarizes information about stock options outstanding as at November 30, 2020:

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| Number of Options Outstanding | Expiration Date | Number of Options Exercisable | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life Years |
|-------------------------------|-----------------|-------------------------------|---------------------------------|---|
| 1,000,000 | 16-Jul-21 | 1,000,000 | \$0.05 | 0.63 |
| 1,000,000 | | 1,000,000 | | |

d) Share Purchase Warrants

The following summarizes the share purchase warrants' activities:

| | Year ended November 30, 2020 | Year ended November 30, 2019 |
|--------------------------------|------------------------------|---------------------------------|
| | Number of warrants | Weighted-average exercise price |
| Outstanding, beginning of year | 3,750,000 | \$0.08 |
| Issued | 8,000,000 | 0.025 |
| Exercised | (8,000,000) | 0.025 |
| Expired | - | - |
| Outstanding, end of year | 3,750,000 | \$0.08 |

The following table summarizes information about share purchase warrants outstanding as at November 30, 2020:

| Number of Warrants Outstanding | Expiration Date | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life Years |
|--------------------------------|-----------------|---------------------------------|---|
| 3,750,000 | 03-Oct-22 | \$0.08 | 1.84 |
| 3,750,000 | | \$0.08 | 1.84 |

10. RELATED PARTY TRANSACTIONS

The related party balances and transactions not disclosed elsewhere in these consolidated financial statements are listed below. Related party transactions in normal course of operations are measured at the exchange amount. Due from and to the related parties are unsecured and non-interest bearing.

a) The Company has the following balances owed to and from related entities as at November 30, 2020:

- (i) \$433,178 (2019 - \$457,916) due to the estate of Bill McWilliam ("Mr. McWilliam"), a director of the Company until March 2020 when he passed away (also see Note 14 a));
- (ii) \$310,816 (2019 - \$310,888) due to the estate of Judith Harder ("Ms. Harder"), a director and Chief Executive Officer ("CEO") of the Company until December 2018 when she passed away (also see Note 14 a));
- (iii) \$123,454 (2019 - \$124,682) due to Argentine Frontier Resources Inc. ("AFRI"), an entity controlled by the estate of Mr. McWilliam and estate of Ms. Harder (also see Note 14 a));
- (iv) \$5,956 (2019 - \$6,105) due to the Company's former Chief Financial Officer who retired in November 2019;

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- (v) \$15,126 (2019 - \$15,126) due to Cosmos Minerals SA Inc., an entity controlled by the estate of Mr. McWilliam and the estate of Ms. Harder;
 - (vi) \$Nil (2019 - \$101,500) due to a Director and former Chief Financial Officer and Corporate Secretary of the Company (see Note 7). The loan advance of \$101,500 was non-interest bearing and was secured by 3,000,000 Amarc shares owned by the Company. The entire amount was paid in January 2020; and
 - (vii) \$Nil (2019 - \$168,848) due from Cosmos Minerals S.A., an entity controlled by the estate of Mr. McWilliam and the estate of Ms. Harder.
- b) Effective October 3, 2017, the Company enter into a loan agreement with Ms. Harder and Mr. McWilliam (the "Lenders") whereby the Lenders agreed to advance up to \$300,000 in readily available funds to the Company. The loan bears an interest rate of 6% per annum. The loan has a minimum term of one year and can be repaid by the Company at any time after one year. The Company has agreed to issue as a loan bonus share purchase warrants that enable each of the Lenders to purchase 1,875,000 shares in the Company at \$0.08 per share exercisable over a term of five years (the "Loan Bonus Warrants 1").

During the year ended November 30, 2017, the Company received \$200,000 from the Lenders and issued 3,750,000 Loan Bonus Warrants 1 with a fair value of \$0.06 per warrant. The Company allocated \$160,654 to the loan and \$139,346 to the Loan Bonus Warrants 1 using the relative fair value method. Two-third of the allocated Loan Bonus Warrants 1 in the amount of \$92,898 was treated as financing charges to the loan proceeds of \$200,000 and the remaining one-third in the amount of \$46,448 was treated as a deferred financing charge. During the year ended November 30, 2018, as the remaining \$100,000 loan proceeds were not received, the deferred financing charge was expensed. The loan has an effective interest rate of 67% and the accretion expense for the year ended November 30, 2018 was \$132,080 including the deferred financing charge in the amount of \$46,448. As at November 30, 2020, the loan has not been repaid and remains outstanding. Subsequent to year ended November 30, 2020, the Company entered a debt settlement agreement (see Note 14 a)).

- c) On July 7, 2020, the Company has obtained a loan of \$200,000 (the "Loan") from Mr. Lorne Harder, a Director and former Chief Financial Officer and Corporate Secretary of the Company, through his wholly-owned company, Springhill Investments Ltd. ("Springhill"). The Loan is non-interest bearing, is payable at the end of one year, may be repaid at any time without penalty and is unsecured. As a condition of the Loan, the Company has issued to Springhill 8,000,000 warrants, each warrant being exercisable for one common share of the Company at an exercise price of \$0.025 per common share (the "Loan Bonus Warrants 2"). The Loan Bonus Warrants 2 expire one year from issuance.

The fair value of the Loan Bonus Warrants 2 were estimated using the Black-Scholes options pricing model with the following assumptions:

| | |
|---------------------------|---------|
| Fair value | \$0.02 |
| Risk-free interest rate | 0.23% |
| Dividend yield | \$0.00 |
| Expected volatility | 100.00% |
| Expected life of warrants | 1 year |

The fair value of the Loan Bonus Warrants 2 of \$169,490 has been treated as financing charges to the loan proceeds of \$200,000. As at November 30, 2020, the loan has a carrying value of \$91,805. Accretion expense of \$61,295 has been recorded during the year ended November 30, 2020 in relation to the Loan. The Loan Bonus Warrants 2 have been exercised on September 10, 2020 (see Note 9).

- d) During the year ended November 30, 2020, the Company had the following transactions with related parties:
- (i) Incurred \$nil (2019 - \$9,795) in office rent to AFRI;
 - (ii) Incurred \$1,200 (2019 - \$nil) in office rent to the former director and CFO of the Company;
 - (iii) Incurred \$nil (2019 - \$80,000) in management consulting fees to Mr. McWilliam;

- (iv) Incurred \$58,925 (2019 - \$31,500) in management consulting fees to a private entity controlled by the Company's former director and CFO. The individual resigned as a director and CFO of the Company in June 2020;
- (v) Incurred \$nil (2019 - \$41,750) in accounting fees to the former CFO of the Company who retired in November 2019; and
- (vi) Incurred \$9,288 (2019 - \$nil) in accounting fees paid to a company in which the CFO is an owner.

e) Key management compensation

Key management includes the Chairman of the Company, CEO and CFO. The compensation paid or payable to key management for services during the year ended November 30, 2020 and 2019 is identical to the disclosure above other than share-based payments. During the year ended November 30, 2020, key management received share-based payment of \$62,152 (2019 - \$38,405). Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the year ended November 30, 2020 and 2019.

11. FINANCIAL INSTRUMENTS

a) Management of capital risk

The Company has defined its capital as common shares, contributed surplus and retained earnings. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.

b) Fair value of financial instruments

The Company classified its fair value measure with a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 *Financial Instruments: Disclosures*.

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in market that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

As at November 30, 2020, cash and marketable securities were measured at fair value using level 1 input under the fair value hierarchy. As at November 30, 2020, the Company did not have financial instruments measured at fair value on a recurring basis. The fair value of the Company's due from a joint venture partner, accounts payable and accrued liabilities, and loans payable are estimated to approximate their carrying values as at November 30, 2020 and 2019.

c) Management of industry and financial risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

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Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is primarily associated with cash and cash equivalents. Risk associated with cash is managed through the use of a reputable financial institution. The carrying amount of financial assets presented on the Company's consolidated statements of financial position represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Market risk

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

Currency risk

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates. The Company does not hedge its foreign currency risk, and exposure of the Company's financial assets and liabilities to foreign exchange risk is summarized as follows:

| | 30-Nov-20 | 30-Nov-19 |
|------------------|-----------|-----------|
| | \$ | \$ |
| U.S. cash | 3,531 | 212 |
| U.S. liabilities | (66,349) | (66,349) |
| Net | (62,819) | (66,137) |

As at November 30, 2020, with other variables unchanged, a 10% strengthening (weakening) of the U.S. dollar against the Canadian dollar would have increased (decreased) net loss by approximately \$6,282.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The stock market fluctuation risk is the risk of loss resulting from unfavourable changes in the stock market. Share issues are the primary and often the sole source of financing open to junior corporations in the mining sector. Fluctuations in the trading price have an impact on the valuation of marketable securities.

The Company is exposed to market price risk for its marketable securities, which consist of shares in publicly traded company subject to the fluctuations in share price on the stock exchange. The Company monitors its investments to limit the exposure to price risk.

The effect of a 10% increase in the value of marketable securities held at the reporting date would result in an increase of \$2,599 in the value of the investments and a corresponding increase in other comprehensive income, excluding tax impact. A 10% decrease would have decreased the marketable securities and other comprehensive income by the same amount.

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12. SEGMENTED INFORMATION

The Company operates in one segment, being the operation of acquisition and exploration of mineral properties. Substantial all of the Company's carrying value of long-term assets as at November 30, 2020 and for the year ended November 30, 2020 are located in Argentina.

13. INCOME TAXES

| | 30-Nov-20 | 30-Nov-19 |
|------------------------------|--------------------|-----------|
| | \$ | \$ |
| Loss before income taxes | (1,228,867) | (436,579) |
| Statutory tax rate | 27% | 27% |
| Expected income tax recovery | (331,794) | (117,876) |
| Temporary differences | 753,472 | 6,732 |
| Non-deductible expenses | 171,726 | 1,373 |
| Tax loss not utilized | (593,404) | 109,771 |
| Income tax expense | — | — |

Significant components of the Company's unrecognized deferred income tax assets and liabilities after applying enacted corporate income tax rates are as follows:

| | 30-Nov-20 | 30-Nov-19 |
|---|------------------|-----------|
| | \$ | \$ |
| Non-capital loss carryforward | 3,644,094 | 3,857,063 |
| Canadian exploration expenditures | 926,276 | 1,369,150 |
| Capital losses and other | 90,293 | — |
| Loan payable | (29,213) | — |
| Unrecognized deferred income tax assets | 4,631,450 | 5,226,213 |

The Company has non-capital losses of approximately \$13,497,000 available to offset future income for income tax purposes which expire in various amount from 2026 to 2040. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in these consolidated financial statements.

14. SUBSEQUENT EVENTS

a) Debt settlements

On February 17, 2021, the Company has entered into debt settlement agreements with creditors to settle the following debts (collectively, the "Debt"):

- (i) \$225,000 due to the estate of Mr. McWilliam and estate of Ms. Harder (together, the "Estates") pursuant to a loan agreement effective October 3, 2017, consisting of \$200,000 in principal and \$25,000 in accrued interest thereon, will be settled by cash payments of \$100,000 to each of the Estates and the Estates will forgive the accrued interest of \$25,000;
- (ii) \$423,667 due to the estate of Mr. McWilliam will be forgiven;
- (iii) \$307,912 due to the estate of Ms. Harder will be forgiven; and
- (iv) \$21,341 due to AFRI will be forgiven.

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(Expressed in Canadian dollars)

Upon payment of the aforementioned amounts, the Debt will be fully satisfied and extinguished. In connection with settlement of the Debt, the Company has entered into a share transfer agreement with the Estates pursuant to which the Company will acquire from the Estates all of their shares in the capital of Cosmos Minerals Corporation for a nominal amount.

b) Private Placement

Subsequent to November 30, 2020, the Company announced that it intends to raise up to \$500,000 by way of a non-brokered unit private placement (the "Offering") of up to 14,285,714 units at a unit price of \$0.035 (the "Units"). Each Unit will consist of one common share at a price of \$0.035 and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 exercisable 24 months from the date of closing. Proceeds of \$473,500 have been received subsequent to November 30, 2020.

c) Stock Options

On February 18, 2021 has granted incentive stock options to certain directors, officers, and consultants of the Company to purchase up to 15,000,000 common shares. These options vest immediately and are exercisable on or before February 18, 2026 at an exercise price of \$0.05 per share.