Josemaria Resources Inc.
2000 – 885 West Georgia Street
Vancouver BC V6C 3E8 Canada

T +1 604 689 7842
F +1 604 689 4250

info@josemariaresources.com
josemariaresources.com

News Release

Josemaria Reports 2021 Year-End Results

February 25, 2022: Josemaria Resources Inc. (TSX: JOSE) (OMX: JOSE) (OTCQB: JOSMF) ("Josemaria Resources", the "Company" or "Josemaria"), is pleased to announce its results for the year ended December 31, 2021.

Adam Lundin, Josemaria Resources' Chief Executive Officer, comments: "As we continue to advance the Josemaria Project via Basic Engineering, a multi-faceted 65,000-metre drill program which commenced in Q4 2021, and active engagement with federal and San Juan provincial authorities in Argentina regarding ESIA approval and commercial and fiscal terms applicable to the Project, we are very pleased to have announced the proposed Transaction with Lundin Mining. Lundin Mining shares Josemaria's vision of developing one of the next great copper mines in Argentina, and this shared vision, combined with Lundin Mining's substantial expertise at developing and operating world-class copper projects and access to the requisite financing to construct the Josemaria Project, will be instrumental in guiding Josemaria to the next stages of development."

TRANSACTION WITH LUNDIN MINING

On December 20, 2021 the Company announced it had entered into a binding agreement (the "Arrangement Agreement") with Lundin Mining Corporation ("Lundin Mining") whereby Lundin Mining will acquire all of the outstanding common shares of Josemaria (the "Transaction").

Under the terms of the Transaction, Josemaria shareholders will receive total consideration of approximately $625 million on a fully diluted basis, representing $1.60 per common share. Josemaria shareholders will be able to elect to receive the consideration as either (i) $1.60 in cash or (ii) 0.1487 of a Lundin Mining share, or some combination of cash and shares, subject to proration. The total consideration will be subject to maximum aggregate cash consideration of approximately $183 million (representing 30% of the aggregate consideration). The consideration represents a premium of 31% and 29% to the closing price and the 10-day volume weighted average price, respectively, of Josemaria's shares on the TSX for the period ending December 17, 2021. On closing of the Transaction, Josemaria shareholders are expected to own approximately 5% of Lundin Mining, on a partially diluted basis.

On February 17, 2022, Lundin Mining announced a semi-annual variable performance dividend of $0.11 per Lundin Mining share to be paid to Lundin Mining shareholders. In accordance with the terms of the Arrangement Agreement, the share consideration payable pursuant to the Transaction will be adjusted such that, for each whole Lundin Mining share that is issued to a Josemaria shareholder on closing of the Transaction, $0.11 in cash will also be paid to such Josemaria shareholder to reflect the semi-annual variable performance dividend of Lundin Mining. The cash consideration payable pursuant to the cash election or pro-ration under the Arrangement Agreement will remain unchanged.

The Transaction, which is not subject to any financing conditions, will be carried out by way of a court-approved plan of arrangement under the CBCA and will require approval by at least (1) 66⅔% of the votes cast by Josemaria shareholders, and (2) 66⅔% of the votes cast by Josemaria security holders (comprised of shareholders and optionholders) at a special meeting expected to be held to consider the Transaction. In addition to approval by Josemaria shareholders, the Transaction is also subject to court approval, regulatory approvals, including approval by the TSX and Nasdaq Stockholm, the approval by the Swedish Financial Supervisory Authority of a Swedish prospectus regarding Lundin Mining's offer to Josemaria shareholders, and the admission of trading of the new Lundin Mining shares and other customary closing conditions for transactions of this nature. The Transaction is expected to be completed in April 2022.

As part of the Arrangement Agreement, Lundin Mining agreed to provide the Company with a loan in the principal amount of up to US$100.0 million (the "Lundin Debenture") to fund anticipated activities of the Company between the date of execution of the Arrangement Agreement and closing of the Transaction. Any principal amount outstanding on the Lundin Debenture will accrue interest at a rate of 5.0% per annum with payments due semi-annually on the last day of June and December. The Lundin Debenture matures on June 30, 2022. On January 18, 2022, the Company received the first draw on the Lundin Debenture in the amount of US$29.8 million.

HIGHLIGHTS

- The Company continues to advance toward sanctioning construction of the Josemaria Project. Highlights from 2021 include:
    - Project Engineering has made significant advancements to de-risk and optimize the process flowsheet with improvements in the crushing/conveying, grinding and flotation circuits and tailings facilities. An area of significant progress is the grinding circuit, where the size of the SAG mills has been reduced from 42 to 40 feet in diameter, achieved through the implementation of a 2-stage pebble crushing circuit while maintaining the 150 kilo-tonnes per day design throughput. The Project has commenced Basic Engineering with the goal of completion during the first half of 2022;
    - In Q4 2021, the Company commenced a 65,000-metre drill program, having drilled 2,400 metres in December, aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. Life of mine hydrogeology and aquifer modelling will be updated with additional water well and piezometer drilling. It is anticipated that up to 8 rigs will be active at the peak of the drilling program. Management has a high degree of confidence that drilling will lead to an expansion of Indicated resources, and potentially reserves, as Inferred material becomes better defined and reclassified. Regional exploration program plans are being finalized to test targets outside the current resource but adjacent to the Project;
    - Following the submission of the Environmental and Social Impact Assessment ("ESIA") in February 2021, the Company continues to engage with the San Juan authorities in their evaluation process;
    - Plans for offsite infrastructure including access road, electrical power, and logistics studies are ongoing, aimed at finalizing plans for integration into the design of the Project during Basic Engineering; and
    - The Company has continued to aggressively recruit the team that will ultimately be responsible for constructing and commissioning the Project, including Mr. Phil Brumit who has been appointed to the role of Executive Vice President Projects and Operations and Mr. Reece Fuller who has been appointed to the role of Senior Vice President Projects. Mr. Brumit and Mr. Fuller both have decades of international mining, engineering, construction and senior leadership experience.

- During the third quarter of 2021, the Company announced the securing of two credit facilities, evidenced by debentures, totaling US$20.0 million (collectively the "2021 Facilities"), one with Lorito Holdings S.à.r.l. ("Lorito") for US$10.0 million (the "Lorito 2021 Facility") and one with Zebra Holdings and Investments S.à.r.l. ("Zebra") for US$10.0 million (the "Zebra 2021 Facility"), each of which has a term of 18 months ending March 7, 2023. The Company concurrently announced the extension of the maturity dates of all other Lorito and Zebra debentures to March 7, 2023.
- During the second quarter of 2021, the Company successfully closed a private placement of 58,708,900 common shares of the Company at a price (the "Offering Price") of $0.69 per common share for gross proceeds of $40.5 million. Concurrently, the Company also closed a public offering (the "Offering") pursuant to which a syndicate of underwriters purchased, on a bought deal basis, 14,500,000 common shares at the Offering Price for gross proceeds of $10.0 million, plus an over-allotment option at the Offering Price of an additional 2,175,000 common shares for gross proceeds of $1.5 million, for total combined gross proceeds of $52.0 million. The Company incurred related share issuance costs of $1.4 million for net proceeds of $50.6 million.

OUTLOOK

The Company is taking all necessary steps required to complete the Transaction with Lundin Mining which is expected to close before the end of April 2022. Operationally, the Company continues to advance the Josemaria Project following completion of the Feasibility Study in the fourth quarter of 2020 and submission of the ESIA in February 2021. In Q4 2021, the Company commenced a 65,000-metre drilling program, aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. The Company has also commenced Basic Engineering, which is expected to be completed in the first half of 2022, the procurement process of long-lead equipment and the preparation of early works activities focused on providing engineering, planning and financial details. Active engagement also continues with federal and San Juan provincial authorities in Argentina, including discussions aimed at finalizing and securing commercial and fiscal terms applicable to the Project and ESIA approval.

FINANCIAL RESULTS

	Three months ended December 31,		Year ended December 31,	
(in thousands, except per share amounts)	**2021**	**2020**	**2021**	**2020**
Exploration and project investigation expenses	$ 32,366	$ 3,588	$ 59,694	$ 29,934
Additions of fixed assets	32,618	5	46,894	130
General and administration ("G&A")	2,356	1,692	8,588	5,753
Foreign exchange and trading gains realized on equity investments	(10,252)	(1,500)	(20,003)	(6,490)
Net loss	25,966	3,266	51,411	31,237
Basic and diluted loss per share	0.07	0.01	0.14	0.12

The Company's net loss for the year ended December 31, 2021 was $51.4 million compared to $31.2 million in 2020. The increase in net loss for 2021 mainly reflects the Company having conducted an increased level of engineering, environmental and other key studies focused on furthering the Josemaria Project towards development, plus the commencement of a drilling program in Q4 2021, whereas the Company did not conduct any sustained drilling programs in 2020.

General and administrative ("G&A") costs for the year ended December 31, 2021 totaled $8.6 million compared to $5.8 million in 2020. Salaries and benefits increased by $1.4 million driven by increased headcount as the Company continues to recruit key personnel needed to ultimately develop the Josemaria Project. Salaries and benefits were lower in the comparative 2020 period as voluntary salary reductions were in effect during the year for the senior management group. Share-based compensation costs also increased by $1.1 million during 2021 as a result in increasing headcount. Share-based compensation is a non-cash charge reflecting the expense associated with the vesting of outstanding stock options during the period.

Exploration and project investigation expenses of $59.7 million were incurred in 2021, as compared to $29.9 million incurred during 2020. During 2021, the Company's primary exploration and project investigation expenses consisted of engineering and optimization studies, expenses associated with supporting the ongoing ESIA approval process in Argentina, commercial and fiscal studies and negotiations, environmental baseline studies, roadwork and related studies, and community relations. The Company also began adding key employees to the team responsible for Project execution.

During the year ended December 31, 2021, the Company incurred $46.9 million of fixed asset acquisition costs (2020 – $9,226) including the acquisition of camp assets related to the field season which commenced in Q4 2021 ($19.7 million) and commitments related to long-lead procurement assets ($22.8 million) to be used in eventual mine construction.

From time to time, as part of the capital funding process from the Canadian parent to the Argentinian subsidiary, the Company will purchase equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the subsidiary and held for a pre-determined period, and then sold. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end. Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss. For the year ended December 31, 2021, the Company realized a trading loss of $3.7 million (2020 – $1.6 million) offset by a foreign exchange gain of $23.7 million (2020 – $8.0 million) as a result of holding the equity instruments for a net realized gain of $20.0 million (2020 – $6.4 million). The increase in net gain is the result of the Company having conducted a higher dollar value of such transactions during 2021 than in 2020 as a result of funding increased in-country activity in Argentina.

During the year ended December 31, 2021, the Company recognized a net monetary loss of $0.4 million (2020 – $0.4 million) in relation to the application of hyper-inflationary accounting for the Company's Argentinian subsidiary, which began July 1, 2018. In other comprehensive loss, the Company recognized a gain of $5.2 million resulting from the impact of hyper-inflation which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the year ended December 31, 2021 (2020 – $0.7 million) and the ongoing translation of the Company's Argentinian subsidiary into the Canadian dollar presentation currency following July 1, 2018, as mentioned above. A detailed discussion regarding the application of hyper-inflationary accounting has been provided in Note 4 to the Company's 2021 audited consolidated Financial Statements.

SELECTED FINANCIAL INFORMATION

(in thousands)		December 31, 2021		December 31, 2020
Cash	$	2,630	$	6,741
Working capital deficit		(27,566)		(24,748)
Mineral properties		12,401		10,065
Total assets		69,362		19,745
Total liabilities		(71,730)		(32,101)

The Company does not currently generate income from operations. Please refer to the Transaction With Lundin Mining section above detailing the proposed transaction which is anticipated to close before the end of April 2022. As part of the Arrangement Agreement, Lundin Mining agreed to provide the Company with a loan in the principal amount of up to US$100.0 million (the "Lundin Debenture") to fund anticipated activities of the Company between the date of execution of the Arrangement Agreement and closing of the Transaction. If the transaction with Lundin Mining does not complete or is delayed, the Company anticipates that it will need further funding in order to advance the Josemaria Project. Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties. While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing exploration and project investigation activities at the Josemaria Project, the state of international debt and equity markets, investor perceptions and expectations of the global copper, gold, and/or silver markets, and the ongoing novel coronavirus ("COVID-19") pandemic. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

QUALIFIED PERSONS

The technical information in this press release has been reviewed and approved by Mr. Bob Carmichael, P. Eng. (BC), the Company's Vice President of Exploration, and Mr. Dustin Smiley, P. Eng. (BC), the Company's Engineering Manager. Both Mr. Carmichael and Mr. Smiley are Qualified Persons under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

ABOUT JOSEMARIA

Josemaria Resources Inc. is a natural resources company focused on developing its advanced stage, 100% owned Josemaria Copper-Gold Project in the San Juan Province of Argentina. A recently published Feasibility Study (see "*NI 43-101 Technical Report, Feasibility Study for the Josemaria Copper-Gold Project, San Juan Province, Argentina*" dated effective September 28, 2020 and filed on November 5, 2020) demonstrates a simple and conventional open pit copper-gold project with robust economics and a rapid payback period. Josemaria is a Lundin Group company and works in partnership with the Lundin Foundation to execute best practices in responsible mineral development in Argentina where the Lundins have a 30-year track record of value creation. The Company is a reporting issuer in all

Provinces and its corporate head office is in Vancouver, BC. The Company's shares are listed on the TSX and on Nasdaq Stockholm under the symbol "JOSE", and trade on the OTCQB under the symbol "JOSMF".

ADDITIONAL INFORMATION

This is information that the Company is obliged to make public pursuant to the Swedish Financial Instruments Trading Act. The information was submitted for publication, through the agency of the contact person set out below, on February 25, 2022, 17:00 EST.

On behalf of the Board of Directors of Josemaria Resources,

Adam Lundin,
President and CEO

For further information:
Amanda Strong, Investor Relations, Canada: +1 604 689 7842; or info@josemariaresources.com
Robert Eriksson, Investor Relations, Sweden: +46 701 112 615; or reriksson@rive6.ch

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YouTube: https://www.youtube.com/channel/UCrP62J_vh6AunA1gAt-37ag
TSX: JOSE | OTCQB: JOSMF | Nasdaq Stockholm: JOSE | WKN: A2PN5S | ISIN: CA48086P1009

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This press release includes certain "forward-looking information" and "forward-looking statements" (collectively "forward-looking information") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein, including, without limitation, the Company's plans and expectations regarding the Josemaria Project, future price of copper, gold and silver; the results of the Feasibility Study and expected timelines; the timing and amount of estimated future production; net present values and internal rates of return at the Josemaria Project; recovery rates; payback periods; costs of production; capital expenditures; costs and timing of the development of the Josemaria Project; mine life; the potential future development of the Josemaria Project and the future operating or financial performance of the Company; the impact of COVID-19 on the Company's operations, hyper-inflationary accounting, the effect of government regulations (or changes thereto) with respect to restrictions on production, export controls and duties, income taxes, royalties, expropriation of property, repatriation of profits, environmental legislation, land use, water use, mine safety, approval processes and the receipt of necessary permits are forward-looking information. Forward-looking information is frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. These forward-looking statements may also include statements regarding perceived merit of properties; exploration plans and budgets; mineral reserves and resource estimates; work programs; capital expenditures; timelines; strategic plans; market prices for precious and base metals; or other statements that are not statements of fact. In addition, statements relating to "mineral resources" and “mineral reserves” are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral resources and mineral reserves described can be profitably produced in the future.

Forward-looking information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. Important factors that could cause actual results to differ materially from the Company's expectations include the Company's ability to finance the development of its Josemaria Project; commodity price fluctuations; assumptions and discount rates being appropriately applied to the Feasibility Study, uncertainty as to whether there will ever be production at the Company's Josemaria Project and any other future mineral exploration and development properties; risks related to the Company's ability to commence production and generate revenues or obtain adequate financing for its planned exploration and development activities; risks related to lack of infrastructure including but not limited to the risk whether or not the Josemaria Project will receive the requisite permits and, if it does, whether the Company will build the Josemaria Project; risks related to inclement weather which may delay or hinder activities at the Company's mineral properties; risks related to the Company's dependence on third parties for the development of its projects; uncertainties relating to the assumptions underlying resource and reserve estimates; mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes, bad weather, non-compliance with environmental and permit requirements or other unanticipated difficulties with or interruptions in development, construction or production; the geology, grade and continuity of the Company's mineral deposits; the uncertainties involving success of exploration, development and mining activities; permitting timelines; risks pertaining to the outbreak of the global pandemics, including COVID-19; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; prices for energy inputs, labour, materials, supplies and services; uncertainties involved in the interpretation of drilling results and geological tests and the estimation of mineral reserves and mineral resources; the need for cooperation of government agencies and indigenous groups in the development and operation of properties including the Josemaria Project; unanticipated variation in geological structures, metal grades or recovery rates; fluctuations in currency exchange rates; unexpected cost increases in estimated capital and operating costs; the need to obtain permits and government approvals; uncertainty related to title to the Company's mineral properties, anticipated use of proceeds from financings, the ability of the Company to satisfy the conditions of the terms and conditions of the debentures issued pursuant credit facilities, including repayment thereof upon their respective maturity dates and the issuance of Common Shares thereunder and other risks and uncertainties disclosed in the Company's periodic filings with Canadian securities regulators and in other Company reports and documents filed with applicable securities regulatory authorities from time to time, including the Company's Annual Information Form available under the Company's profile at www.sedar.com. In addition, these statements involve assumptions made with regards to the Company's ability to develop the Josemaria Project and to achieve the results outlined in the Feasibility Study; the ability to satisfy the terms and conditions precedent of the Arrangement Agreement (as defined herein) in order to consummate the Transaction (as defined herein), the ability to obtain all necessary regulatory approvals in connection with the Transaction in a timely manner or at all, the ability of Lundin Mining (as defined herein) to obtain all necessary regulatory approvals in connection with the Transaction in a timely manner or at all, the ability to raise the capital required to fund construction and development of the Josemaria Project; and the results and impact of future exploration at the Josemaria Project. The Company's forward-looking information reflects the beliefs, opinions, and projections on the date the statements are made. The Company assumes no obligation to update the forward-looking information or beliefs, opinions, projections, or other factors, should they change, except as required by law.

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for Josemaria Resources Inc. ("the Company", "Josemaria Resources", "Josemaria") has been prepared as of February 25, 2022 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 and the related notes therein (the "2021 Financial Statements"). The 2021 Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollar amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the "Cautionary Note Regarding Forward Looking Information and Statements" on Page 20. Additional information about the Company and its business activities is described on the Company's annual information form (the "2021 AIF"). The 2021 AIF is available on SEDAR at www.sedar.com and on the Company's website at https://www.josemariaresources.com.

CORE BUSINESS

Josemaria Resources is a Canadian natural resources company focused on advancing the development of its wholly-owned Josemaria copper-gold-silver project located in San Juan Province, Argentina (the "Josemaria Project" or "Project"). The Company is a reporting issuer in all provinces and territories of Canada and its corporate head office is in Vancouver, B.C. The Company trades under the ticker symbol of "JOSE" on the TSX and on the NASDAQ Stockholm Stock Exchange ("OMX"), and under the ticker symbol of "JOSMF" on the OTCQB Venture Market.

The Company is committed to responsible and sustainable mining development in the jurisdictions within which it works and operates, and to create meaningful value for its shareholders and stakeholders, alike. All aspects of the Company's operations and engagements are founded on a core set of environmental, social and governance commitments.

TRANSACTION WITH LUNDIN MINING

On December 20, 2021 the Company announced it had entered into a binding agreement (the "Arrangement Agreement") with Lundin Mining Corporation ("Lundin Mining") whereby Lundin Mining will acquire all of the outstanding common shares of Josemaria (the "Transaction").

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OUTLOOK

The Company is taking all necessary steps required to complete the Transaction with Lundin Mining which is expected to close before the end of April 2022. Operationally, the Company continues to advance the Josemaria Project following completion of the Feasibility Study in the fourth quarter of 2020 and submission of the Environmental and Social Impact Assessment ("ESIA") in February 2021. In Q4 2021, the Company commenced a 65,000-metre drilling program, aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. The Company has also commenced Basic Engineering, which is expected to be completed in the first half of 2022, the procurement process of long-lead equipment and the preparation of early works activities focused on providing engineering, planning and financial details. Active engagement also continues with federal and San Juan provincial authorities in Argentina, including discussions aimed at finalizing and securing commercial and fiscal terms applicable to the Project and ESIA approval.

2021 HIGHLIGHTS

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    - Project Engineering has made significant advancements to de-risk and optimize the process flowsheet with improvements in the crushing/conveying, grinding and flotation circuits and tailings facilities. An area of significant progress is the grinding circuit, where the size of the SAG mills has been reduced from 42 to 40 feet in diameter, achieved

through the implementation of a 2-stage pebble crushing circuit while maintaining the 150 kilo-tonnes per day design throughput. The Project has commenced Basic Engineering with the goal of completion during the first half of 2022;

  - In Q4 2021, the Company commenced a 65,000-metre drill program, having drilled 2,400 metres in December, aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. Life of mine hydrogeology and aquifer modelling will be updated with additional water well and piezometer drilling. It is anticipated that up to 8 rigs will be active at the peak of the drilling program. Management has a high degree of confidence that drilling will lead to an expansion of Indicated resources, and potentially reserves, as Inferred material becomes better defined and reclassified. Regional exploration program plans are being finalized to test targets outside the current resource but adjacent to the Project;
  - Following the submission of the ESIA in February 2021, the Company continues to engage with the San Juan authorities in their evaluation process;
  - Plans for offsite infrastructure including access road, electrical power, and logistics studies are ongoing, aimed at finalizing plans for integration into the design of the Project during Basic Engineering; and
  - The Company has continued to aggressively recruit the team that will ultimately be responsible for constructing and commissioning the Project, including Mr. Phil Brumit who has been appointed to the role of Executive Vice President Projects and Operations and Mr. Reece Fuller who has been appointed to the role of Senior Vice President Projects. Mr. Brumit and Mr. Fuller both have decades of international mining, engineering, construction and senior leadership experience.

- During the third quarter of 2021, the Company announced the securing of two credit facilities, evidenced by debentures, totaling US$20.0 million (collectively the "2021 Facilities"), one with Lorito Holdings S.à.r.l. ("Lorito") for US$10.0 million (the "Lorito 2021 Facility") and one with Zebra Holdings and Investments S.à.r.l. ("Zebra") for US$10.0 million (the "Zebra 2021 Facility"), each of which has a term of 18 months ending March 7, 2023. The Company concurrently announced the extension of the maturity dates of all other Lorito and Zebra debentures to March 7, 2023.
- During the second quarter of 2021, the Company successfully closed a private placement of 58,708,900 common shares of the Company at a price (the "Offering Price") of $0.69 per common share for gross proceeds of $40.5 million. Concurrently, the Company also closed a public offering (the "Offering") pursuant to which a syndicate of underwriters purchased, on a bought deal basis, 14,500,000 common shares at the Offering Price for gross proceeds of $10.0 million, plus an over-allotment option at the Offering Price of an additional 2,175,000 common shares for gross proceeds of $1.5 million, for total combined gross proceeds of $52.0 million. The Company incurred related share issuance costs of $1.4 million for net proceeds of $50.6 million.

JOSEMARIA PROJECT FEASIBILITY STUDY

On October 19, 2020, the Company announced the results of the Feasibility Study for the Josemaria Project prepared by a team of engineering and consulting service providers led by Fluor Canada Ltd. with key sections prepared by SRK Consulting (Canada) Inc. and Knight Piésold Ltd. plus input from a variety of independent consultants and qualified persons, and in accordance with the disclosure standards of National Instrument 43-101 ("NI 43-101").

The Technical Report summarizing the results of the Feasibility Study, titled "*NI 43-101 Technical Report, Feasibility Study for the Josemaria Copper-Gold Project, San Juan Province, Argentina*" and dated effective September 28, 2020, was prepared under NI 43-101 Standards for Disclosure for Mineral Projects and filed on November 5, 2020. The Technical Report is available under the Company's profile on SEDAR (www.sedar.com).

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data, prepared in accordance with IFRS, has been derived from the Company's audited consolidated financial statements as at and for the years ended December 31, 2021, 2020, and 2019:

	Years ended and as at December 31, 2021	2020	2019
Statement of Loss Data ($000's)			
Exploration and project investigation expenditures:			
Josemaria Project	59,694	29,934	33,435
Los Helados Project	-	-	1,571
Naciemientos and other projects	-	-	255
Administration and others	-	-	280
Total exploration expenditures	59,694	29,934	35,541
General and administration	8,588	5,753	5,364
Operating loss	68,282	35,687	40,905
Net loss(i)	51,411	31,237	10,950
Cash used in operating activities	$ 31,889	$ 30,023	$ 35,209
Loss per Common Share ($)			
Basic and diluted net loss	$ 0.14	$ 0.12	$ 0.04
Statement of Financial Position Data ($000's)			
Total Assets	$ 69,309	$ 19,745	$ 18,732
Total Liabilities	71,678	32,101	35,087

(i) With the completion of the spin-out of NGEx Minerals on July 17, 2019, the Company recognized a $30.8 million gain on spin-out transaction and a reclassification of accumulated exchange differences upon spin-out totaling $1.3 million during fiscal 2019, offsetting the $40.9 million operating loss.

The Company's net loss for the year ended December 31, 2021 was $51.4 million compared to $31.2 million in 2020. The increase in net loss for 2021 mainly reflects the Company having conducted an increased level of engineering, environmental and other key studies focused on furthering the Josemaria

Project towards development, plus the commencement of a drilling program in Q4 2021, whereas the Company did not conduct any sustained drilling programs in 2020.

General and administrative ("G&A") costs for the year ended December 31, 2021 totaled $8.6 million compared to $5.8 million in 2020. Salaries and benefits increased by $1.4 million driven by increased headcount as the Company continues to recruit key personnel needed to ultimately develop the Josemaria Project. Salaries and benefits were lower in the comparative 2020 period as voluntary salary reductions were in effect during the year for the senior management group. Share-based compensation costs also increased by $1.1 million during 2021 as a result in increasing headcount. Share-based compensation is a non-cash charge reflecting the expense associated with the vesting of outstanding stock options during the period.

The Company expensed the following exploration and project investigation costs related 100% to the Josemaria Project for the years ended December 31, 2021 and 2020:

(In thousands)		**2021**		**2020**
Land holding costs	$	54	$	95
Drilling, fuel, camp costs and field supplies		5,034		7,485
Roadwork, travel and transport		3,940		1,460
Engineering studies, consultants, geochemistry and geophysics		27,131		10,463
Environmental and community relations		3,682		2,382
VAT, other taxes and fees		2,982		5,215
VAT related to fixed assets		4,420		-
Office and general, salaries, and overhead		11,315		2,083
Share-based compensation		127		156
Inflation adjustment		1,009		595
Total Expenditures	$	59,694	$	29,934

Exploration and project investigation expenses of $59.7 million were incurred in 2021, as compared to $29.9 million incurred during 2020. During 2021, the Company's primary exploration and project investigation expenses consisted of engineering and optimization studies, expenses associated with supporting the ongoing ESIA approval process in Argentina, commercial and fiscal studies and negotiations, environmental baseline studies, roadwork and related studies, and community relations. The Company also began adding key employees to the team responsible for Project execution, which is reflected in the increase in office and general, salaries and overhead in the table above.

Key financial results for the last eight quarters are provided in the table below:

Financial Data for 8 Quarters *(In thousands $ except for per share amounts)*[(i)]								
Three Months Ended	**Dec-21** *(4th qtr)*	**Sep-21** *(3rd qtr)*	**Jun-21** *(2nd qtr)*	**Mar-21** *(1st qtr)*	**Dec-20** *(4th qtr)*	**Sep-20** *(3rd qtr)*	**Jun-20** *(2nd qtr)*	**Mar-20** *(1st qtr)*
Exploration and project investigation	32,366	15,781	6,324	5,223	3,588	2,544	4,447	19,355
Additions to Equipment and Other Fixed Assets	32,618	14,268	5	3	5	121	-	4
Unrealized foreign exchange (gain) / loss	64	233	(250)	(357)	(1,489)	(1,240)	(1,811)	2,968
Foreign exchange and trading gains realized on equity investments	(10,252)	(8,053)	(866)	(831)	(1,500)	(657)	(2,296)	(2,037)
Net loss	25,966	10,374	7,121	7,950	3,266	2,693	2,318	22,959
Total basic and diluted loss per share[(i)]	0.07	0.03	0.02	0.03	0.01	0.01	0.01	0.09

(i) As a result of rounding the sum of the quarterly amounts may differ from the year to date

Changes in net losses and cash flow used in operating activities for the above quarters are primarily affected by the level of exploration and project investigation activity during that period. Josemaria site activities, including drilling, are generally not carried out during the winter season in South America and, as such, exploration and project investigation expenditures and cash flow used in operations are typically lower during the second and third quarter of each year compared to other quarters. However, Q2 and Q3 2021 were impacted by an increased level of engineering and related studies on the Project. During Q3 and Q4 2021, the Company incurred significant additions of fixed assets related to the expansion of its camp facilities at the Josemaria Project ($19.7 million) as well as long-lead procurement costs associated with technical deliverables related to mine operating assets ($22.8 million). The amount of cash resources available and timing of financing also affect the extent of exploration and project investigation programs and the costs incurred in a given period.

From time to time, as part of the capital funding process from the Canadian parent to the Argentinian subsidiary, the Company will purchase equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the subsidiary and held for a pre-determined period, and then sold. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end. Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss. For the year ended December 31, 2021, the Company realized a trading loss of $3.7 million (2020 – $1.6 million) offset by a foreign exchange gain of $23.7 million (2020 – $8.0 million) as a result of holding the equity instruments for a net realized gain of $20.0 million (2020 – $6.4 million). The increase in net gain is the result of the Company having conducted a higher dollar value of such transactions during 2021 than in 2020 as a result of funding increased in-country activity in Argentina.

During the year ended December 31, 2021, the Company recognized a net monetary loss of $0.4 million (2020 – $0.4 million) in relation to the application of hyper-inflationary accounting for the Company's Argentinian subsidiary, which began July 1, 2018. In other comprehensive loss, the Company recognized a gain of $5.2 million resulting from the impact of hyper-inflation which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the year ended December 31, 2021 (2020 – $0.7 million) and the ongoing translation of the Company's Argentinian subsidiary into the Canadian dollar presentation currency following July 1, 2018, as mentioned above. A detailed discussion regarding the application of hyper-inflationary accounting has been provided in Note 4 to the 2021 Financial Statements.

DEBENTURES – LORITO AND ZEBRA

The Company has secured financing through Zebra and Lorito, both related parties of the Company, as evidenced by debentures. On October 25, 2019 the Company secured a US$20.0 million credit facility with Lorito (the "Lorito Facility"), on May 25, 2020, the Company secured two credit facilities totaling US$7.0 million (collectively the "2020 Facilities"), one with Lorito for US$3.5 million and one with Zebra for US$3.5 million, and on September 8, 2021, as disclosed above, the Company secured two credit facilities totaling US$20.0 million, one with Lorito for US$10.0 million and one with Zebra for US$10.0 million. Lorito reports its security holdings in the Company as a joint actor with Zebra, and collectively they held more than 39% of the Company's issued and outstanding common shares as at December 31, 2021. Information related to the facilities as at and for the year ended December 31, 2021 is as follows:

		Lorito Facility		**2020 Facilities**		**2021 Facilities**
Original date of issue		October 25, 2019		May 25, 2020		September 7, 2021
Maturity date(1)		March 7, 2023		March 7, 2023		March 7, 2023
Shares issuable per $50,000 drawn		800		920		450
As at December 31, 2021:						
Maximum amount available under the facilities	$	US 20.0 million	$	US 7.0 million	$	US 20.0 million
Amount drawn on the facility	$	US 20.0 million	$	US 7.0 million	$	US 4.0 million
For the year ended December 31, 2021:						
Shares issued pursuant to the facility		2,170,011		835,420		56,000
Finance charge incurred in relation to shares issued	$	1,876,233	$	787,858	$	18,481

(1) On September 8, 2021, the Company announced the extension of the maturity dates of the Lorito Facility and 2020 Facilities to March 7, 2023. No interest is payable during the term of the debenture facilities, however, any amount of the facilities remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full.

On January 4, 2021, the Company drew the remaining US$16.0 million on the 2021 Facilities and as of the date of this MD&A, no remaining funds are available to the Company via the debenture facilities.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands $)	December 31, 2021	December 31, 2020
Cash	$ 2,629	$ 6,741
Trade payables and accrued liabilities	(32,402)	(2,709)
Working capital deficit	(27,556)	(24,748)

During the year ended December 31, 2021, the Company used $31.9 million (2020 – $30.0 million) in operating activities. The increase from the prior year is the result of the Company having incurred higher exploration and investigation expenditures during the year, offset by an increase in net changes in working capital. During the year ended December 31, 2021, the Company had net $61.2 million in financing inflows (2020 – $32.7 million), which consists of net proceeds of $50.6 million received on the private placement and bought deal (2020 – $29.9 million), net funds drawn on the Company's outstanding debentures of $10.1 million, and $0.6 million received on the exercise of stock options (2020 – $nil). During the year ended December 31, 2021, the Company used $33.1 million in investing activities to acquire fixed assets (2020 – $9,226) which consist of camp assets related to the field season which commenced in Q4 2021 and commitments related to long-lead procurement assets to be used in eventual mine construction. As at December 31, 2021, the Company had a trade payables and accrued liabilities balance of $32.4 million, as compared to $2.7 million at December 31, 2020. This change reflects a general increase in amounts incurred in relation to exploration and project investigation expenses, as well as an amount payable of $13.6 million incurred in relation to the acquisition of fixed assets.

The Company does not currently generate income from operations. Subsequent to December 31, 2021 the Company has fully drawn the Lorito and Zebra Debentures. Please refer to the Transaction With Lundin Mining section above detailing the proposed transaction which is anticipated to close before the end of April 2022. As part of the Arrangement Agreement, Lundin Mining agreed to provide the Company with a loan in the principal amount of up to US$100.0 million (the "Lundin Debenture") to fund anticipated activities of the Company between the date of execution of the Arrangement Agreement and closing of the Transaction. If the transaction with Lundin Mining does not complete or is delayed, the Company anticipates that it will need further funding in order to advance the Josemaria Project. Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties. While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing exploration and project investigation activities at the Josemaria Project, the state of international debt and equity markets, investor perceptions and expectations of the global copper, gold, and/or silver markets, and the ongoing novel coronavirus ("COVID-19") pandemic. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

APRIL 2021 EQUITY FINANCING USE OF PROCEEDS

As previously noted, on April 19, 2021, the Company closed a private placement and a bought deal (together, the "2021 Offerings") for net proceeds of $50.6 million. As detailed in the table below comparing the estimated use of proceeds from the 2021 Offerings, as disclosed in the accompanying prospectus to the 2021 Offerings (the "2021 Prospectus"), to the actual amounts incurred through December 31, 2021, the Company has incurred the following variances:

(In millions $)	Expected Use of Proceeds	Actual Use of Proceeds Through December 31, 2021	Variances
Repayment of amounts owed under the Lorito Facility	$ 20.5	$ 20.5	$ -
Josemaria Project			
- Project Engineering, Construction Execution Planning and Commercial Studies	15.1	19.9	4.8
- Owner's Project Execution Team	3.2	3.6	0.4
- Local Access Road Engineering and Studies	2.4	1.0	(1.4)
- Environmental, Social and Permitting	1.7	1.3	(0.4)
Total Josemaria Project	22.4	25.8	3.4
Corporate, public company overheads and working capital purposes	5.7	2.3	(3.4)
Total	$ 48.6	$ 48.6	$ -

Upon receipt of the funds from the 2021 Offerings, the Company immediately repaid $20.5 million ($US 16.4 million) on the Lorito 2019 Facility as detailed in the 2021 Prospectus. Activities incurred related to the Josemaria Project are mostly in line with expectations although funds were shifted from corporate and public company overheads in order to fund the expansion of camp facilities for the field season which commenced in Q4 2021. All funds received as part of the 2021 Offerings have been exhausted as of December 31, 2021.

COVID-19

During the year ended December 31, 2021 and as of the date of this MD&A, the Company has been affected by the COVID-19 pandemic. The COVID-19 pandemic resulted in the implementation by governments of non-routine measures such as quarantines, travel restrictions and business closures, and while many of these restrictions are now being gradually lifted, measures enacted within Argentina remain strict. These measures at first negatively impacted the global economy and led to volatile market conditions and commodity prices, however indications of economic recovery have endured and the Company, which has strictly followed recommended safety protocols in its operating jurisdictions, has been able to carry on its business activities without significant negative impacts. Despite no significant negative impacts to date, the Company cannot determine any future impact that COVID-19 may have on its operations, financial position or cash flows.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

The Company has formalized cost sharing arrangements with NGEx Minerals and Filo Mining Corp. ("Filo Mining"; collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company (the "Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services").

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility through April 1, 2021, in exchange for cash consideration of $382,670. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022 with no additional consideration paid.

Other than those related party transactions identified in the "Debentures – Lorito and Zebra" section, the Company's related party transactions are as follows:

		2021		2020
Income from Josemaria Services provided:				
Filo Mining	$	99,869	$	314,419
NGEx Minerals		42,058		150,750
Total	$	141,927	$	465,169

		2021		2020
Costs of Related Party Services received:				
Filo Mining	$	(281,813)	$	(943,427)
NGEx Minerals		(83,524)		(139,906)
Total	$	(365,337)	$	(1,083,333)

The amounts due from/to Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

		December 31, 2021		December 31, 2020
Due from Filo Mining	$	1,667	$	-
Due from NGEx Minerals		1,667		-
	$	3,334	$	-

		December 31, 2021		December 31, 2020
Due to Filo Mining	$	(46,678)	$	-
Due to NGEx Minerals		(27,996)		-
	$	(74,674)	$	-

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of the costs of the Related Party Services received from its Related Parties, and the composition thereof, is as follows:

		2021		2020
Salaries and other payments	$	2,879,417	$	1,218,107
Employee benefits		39,610		28,196
Director fees		280,000		103,723
Share-based compensation		1,505,772		1,072,121
	$	4,704,799	$	2,422,147

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Please refer to the Critical Accounting Estimates section in Note 6 of the 2021 Financial Statements or the 2021 MD&A for a detailed description of the Company's critical accounting estimates.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized cost or fair value through profit and loss. The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, trade payables and accrued liabilities, debentures, and other liabilities. The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, receivables and other assets, trade payables and accrued liabilities, debentures, and other liabilities. The fair value of investments is determined directly by reference to quoted market prices in active markets. The Company's financial instruments are exposed to certain financial risks, including credit, liquidity and market risks.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with receivables and other assets are minimal as the Company manages these amounts so as not to have material balances outstanding for long periods of time. Credit risks associated with investments are minimal as the Company does not hold its investments for long periods of time.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which is managed through the management of its capital structure. The Company closely monitors and reviews its costs incurred and actual cash flows against the approved budget on a monthly basis to ensure the Company's access to funds is adequate to support the Company's operations on an ongoing basis. The maturities of the Company's financial liabilities as at December 31, 2021 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 32,357,306	$ 32,357,306	$ -	$ -
Debentures	39,258,861	-	39,258,861	-
Other liabilities	61,526	44,622	16,904	-
Contractual commitments for fixed assets	2,215,034	2,215,034		
Total	$ 73,892,727	$ 34,616,962	$ 39,275,765	$ -

As at December 31, 2021, the Company has additional minimum commitments of $2.2 million related to the procurement of technical deliverables for primary mine operating assets.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise two types of risk: currency risk and price risk. Financial instruments affected by market risk include cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, debentures, and other liabilities.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to currency risks as its parent is headquartered in Canada and its day-to-day transactions take place in Canadian dollars, while its foreign operations are conducted in Argentina, and the Company also holds significant debentures denominated in the United States dollar. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risk by sending its cash to its foreign operation only as required.

Based on the Company's net exposures at December 31, 2021, a 10% depreciation or appreciation in the Argentina peso or United States dollar relative to the Canadian dollar would have resulted in an approximate $2.1 million and $3.9 million, respectively, increase or decrease in the Company's net loss.

The impact of the Company's exposure to currency risk is apparent in five sections of the Company's audited consolidated statements of comprehensive loss:

Statement of Loss

- Unrealized foreign exchange (gain) / loss – where changes in United States dollar-denominated monetary items are translated prior to realization;
- Foreign exchange and trading gains realized on equity investments – contains a component of foreign-exchange impacts realized on equity instruments when traded;
- (Gain) / loss on net monetary position – where hyperinflationary changes recorded with respect to the Company's net-monetary position in Argentina are recognized;

Statement of Comprehensive (Income) Loss

- Foreign currency translation adjustment – where changes in Argentina peso-denominated monetary items are translated prior to realization; and
- Impact of hyperinflation – where changes recorded with respect to the impact of the hyperinflationary environment of Argentina on non-monetary items are recognized.

Price risk

Price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. From time to time, as part of the funding process to its subsidiary, the Company holds equity instruments for periods of three to five business days with the intention of trading. During these holding periods, the Company is exposed to changes in share prices which result in gains or losses being recognized in profit and loss. The Company does not hold significant numbers of equity instruments at period end and therefore had no significant exposure to price risk as at December 31, 2021.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the International Accounting Standards Board. The following has not yet been adopted by the Company and is being evaluated to determine its impact:

IAS 16, Property, plant and equipment ("IAS 16")

Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022. The new standard will not have an impact on the Company's financial results in fiscal 2022.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 382,488,804 common shares outstanding and 17,219,000 share options outstanding under its stock-based incentive plans.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Internal controls over financial reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's internal control over financial reporting.

There have not been any material changes in the Company's disclosure controls, procedures and internal controls over financial reporting during the year December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could negatively affect the Company's business and the value of its common shares. The material risk factors and uncertainties should be taken into account in assessing the Company's activities and are described under the heading "Risks Factors", and elsewhere, in the Company's 2021 AIF and in other disclosure documents which are available under the Company's profile at http://www.sedar.com. The risk factors and uncertainties described in the 2021 AIF and in other disclosure documents pertains to outlook and conditions currently known to Josemaria Resources that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of Josemaria Resources that may present additional risks in the future. Current and prospective security holders of Josemaria Resources should carefully consider these risk factors. Some of the risks that may impact the Company and the financial and operational items discussed in this MD&A include, but are not limited to:

Transaction Completion Risk

There are certain risks associated with the Transaction and an investment in Lundin Mining shares which include, among other things:

- the Transaction may not be completed and as a result the Corporation will have incurred significant expense with no result, the Corporation's share price may be adversely affected and there can be no assurance that other transactions of equal or greater value may become available;
- the satisfaction or waiver of certain conditions precedent to the closing of the Transaction may not be realized, including the receipt of the required court and regulatory approvals to effect the Transaction;
- the anticipated financial and other benefits of the Transaction may not be realized.
- the costs associated with the Transaction are significant and may be higher than expected;
- the potential of a third party making a superior proposal to the Transaction;
- the market value of the Lundin Mining shares received by the Josemaria shareholders may decline or be different than expected following the Transaction;
- registered Josemaria shareholders hold certain dissent rights that may enable them to receive the fair value of their shares in cash, which could deplete the amount of cash otherwise available to

Lundin Mining or lead to the Transaction not closing; and

- Lundin Mining may not realize the benefits of its growth projects due to technical, political, operating and/or other factors.

In addition to the foregoing, there are a number of risks, uncertainties and assumptions relating to the Transaction which may have a material and adverse impact on the future operating results and financial performance of the Corporation and could cause actual events to differ materially from those described in forward-looking statements related to the Corporation. The foregoing is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which can be found under Josemaria's issuer profile on SEDAR at www.sedar.com. Shareholders are encouraged to read the Arrangement Agreement in its entirety.

Development and Operational Risk

Mining development projects and mining operations generally involve a high degree of risk which could adversely impact the Company's success and financial performance. Development projects typically require significant expenditures before production is possible. Actual capital or operating costs may be materially different from estimated capital or operating costs. Development projects can also experience unexpected delays and problems during construction and development, during mine start-up or during production. The construction and development of a mining project is also subject to many other risks, including, without limitation, risks relating to:

- ability to obtain project financing on commercially reasonable terms, or at all;
- ability to obtain regulatory approvals or permits on a timely basis or at all and, if obtained, ability to comply with any conditions imposed by such regulatory approvals or permits and maintain such approvals and permits;
- cost overruns due to, among other things, delays, changes to inputs or changes to engineering;
- delays in construction and development of required infrastructure and variations from estimated or forecasted construction schedule;
- technical complications, including adverse geotechnical conditions and other impediments to construction and development;
- accuracy of reserve and resource estimates;
- accuracy of engineering and changes in scope;
- accuracy of estimated metallurgical recoveries;
- accuracy of the estimated capital required to build and operate the project;
- adverse regulatory developments, including the imposition of new regulations;
- fluctuation in prevailing prices for copper, gold and silver, which may affect the profitability of the project;
- community action or other disruptive activities by stakeholders;
- adequacy and availability of a skilled workforce;
- difficulties in procuring or a failure to procure required supplies and resources to develop, construct and operate a mine;

- availability, supply and cost of power;
- weather or severe climate impacts;
- litigation;
- dependence on third parties for services and utilities;
- the interpretation of geological data obtained from drill holes and other sampling techniques;
- fluctuations in inflation and currency exchange rates;
- government regulations, including regulations relating to prices, taxes, royalties, foreign exchange conversion;
- a failure to develop or manage a project in accordance with expectations or to properly manage the transition to an operating mine; and
- risks related to COVID-19 and the potential for other emerging global pandemics.

The Company's operations are also subject to all of the hazards and risks normally encountered in the exploration and development of copper, gold, and silver projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability. In addition, the Company is concentrated in the copper/gold/silver mining industry, and as such, its success will be sensitive to the overall condition of the copper/gold/silver mining industry.

Most of the above factors are beyond the control of the Company. The exact effect of these factors cannot be accurately predicted, but any one of these factors or a combination thereof may have an adverse effect on the Company's business.

Mineral Reserves and Mineral Resources Estimates

The Company's reported Mineral Reserves and Mineral Resources are estimates. No assurance can be given that the estimated Mineral Reserves and Mineral Resources are accurate or that the indicated level of copper, gold, silver, or any other mineral will be recovered or produced. Actual mineralization or formations may be different from those predicted. It may take many years from the initial phase of drilling before production is possible and during that time the economic feasibility of exploiting a discovery may change. Market price fluctuations of copper, gold and silver and certain other metals, as well as increased production and capital costs or reduced recovery rates, may render the Company's Mineral Reserves uneconomic to develop. Moreover, short-term operating factors relating to the Mineral Reserves, such as the need for the orderly development of orebodies, the processing of new or different ore grades, the technical complexity of ore bodies, unusual or unexpected geological formations, ore dilution or varying metallurgical and other ore characteristics may cause Mineral Reserves to be reduced. Estimated Mineral Reserves may have to be recalculated based on fluctuations in the price of metals, or changes in other assumptions on which they are based. Any of these factors may require the Company to reduce its Mineral Reserves and Mineral Resources, which could have a negative impact on the Company's business.

Failure to obtain or maintain necessary permits or government approvals or changes to applicable legislation could also cause the Company to reduce its Mineral Reserves. In addition, changes to mine plans could cause the Company to reduce its Mineral Reserves. There is also no assurance that the Company will achieve indicated levels of copper, gold or silver recovery or obtain the prices assumed in determining such Mineral Reserves.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves; and no assurance that all or any part of an Inferred Mineral Resources exists or is economically or legally mineable.

Metal Price Risk

The Company's property and investments have exposure to predominantly copper, gold, and silver metal commodity prices. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the Common Shares of the Company and the potential value of its properties and investments. This, in turn, can greatly affect its ability to obtain financing, explore and develop its properties, acquire new properties, form joint ventures, enter into option agreements and the structure of any such endeavor.

Tax, Royalties and Other Charges

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The Company is potentially subject to taxes (including income taxes and mineral taxes), various fees and royalties imposed by various levels of government across the jurisdictions in which it operates. The laws imposing these taxes, fees and royalties and the manner in which they are administered may in the future be changed or interpreted in a manner that materially and adversely affects the Company's business, financial position, and results of operations.

Environmental and Socio-Political Risks

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company conducts activities. The Company also aims to conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. The Company is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to develop and explore in a timely manner.

In parts of Argentina, there is environmental opposition to both mineral exploration and mining. Accordingly, there may be a certain degree of anti-mining sentiment that could potentially affect the risk of successfully developing the Company's Josemaria Project.

The Argentinian Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written. Although not anticipated, this legislation could affect the Company's ability to develop parts of the Josemaria Project

Infrastructure

Development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect the ability to operate and the costs of operations. The Company's ability to obtain adequate infrastructure, including a secure supply of power and water, at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; localized logistical challenges; delivery; and relevant regulatory regimes. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Company will secure adequate infrastructure, including power, water and access rights going forward or on reasonable terms.

Foreign Operations Risk

The Company conducts exploration and development activities in Argentina, which exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks include but are not limited to: civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership, and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration and development programs and to attract joint venture or option partners and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries that are deemed of national or strategic importance in countries in which the Company has assets, including mineral exploration and development assets, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

The Josemaria Project is located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. Consistent with government policies imposed by its previous predecessors, the current Argentinian government placed varying degrees of currency controls on the ability of companies and its citizens to obtain foreign currencies. Past actions indicate that the Argentinian government may from time to time alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

QUALIFIED PERSONS

The technical information in this MD&A has been reviewed and approved by Mr. Bob Carmichael, P. Eng. (BC), the Company's Vice President of Exploration, and Mr. Dustin Smiley, P. Eng. (BC), the Company's Engineering Manager. Both Mr. Carmichael and Mr. Smiley are Qualified Persons under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

FINANCIAL INFORMATION

The report for the three months ended March 31, 2022 is expected to be published on or about May 11, 2022.

OFF BALANCE SHEET AGREEMENTS

During the fiscal 2021 and 2020 years, there were no material off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

PROPOSED TRANSACTIONS

As at the date of this MD&A, other than the Lundin Mining Transaction previously disclosed, there are no proposed asset or business acquisitions or dispositions currently under offer.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

Certain statements made and information contained in this document constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information") concerning the business, operations, prospects, financial performance and condition of Josemaria Resources. The forward-looking information contained in this document is based on information available to the Company as of the date of this document, and accordingly is subject to change after such date.

All statements, other than statements of historical fact, may be forward-looking statements. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, prospects, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information and forward-looking statements include, but are not limited to, information or statements with respect to results and developments in the Company's operations in future periods, planned exploration and development activities, the adequacy of the Company's financial resources, ability to raise capital, and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration and development results and budgets, Mineral Resource and Mineral Reserve estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates (including, without limitation, timing and amount of production) and similar statements relating to the economic viability of a project, timelines, strategic plans, including plans and expectations relating to the Josemaria Project and other exploration projects, market prices for precious and base metals, future metal prices, government regulation, currency exchange and interest rates, statements with respect to the economic and scoping-level parameters of the Josemaria Project, the cost and timing of any development of the Josemaria Project, the proposed mine plan and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, estimates of the mineralization that will be encountered if the Josemaria Project is developed, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the Josemaria Project, including the net present value, internal rate of return, the Josemaria Project proposed site layout, the timing of the environmental assessment process, changes to the Josemaria Project configuration that may be requested as a result of stakeholder or government input in connection with the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations; requirements for additional capital; environmental risks; and general business and economic conditions, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Forward-looking information and statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of Josemaria to be materially different from future results, performance or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding, among other things, favourable equity markets, global financial condition, present and future business strategies and the environment in which Josemaria will operate in the future, including the price of commodities, anticipated costs, ability to achieve goals (including, without limitation, timing and amount of production), timing and availability of additional required financing on favourable terms, decision to implement (including the business strategy, timing and structure thereof), the ability to obtain or maintain permits, mineability and marketability, exchange and interest rate assumptions, including, without limitation, being approximately consistent with the assumptions in the Josemaria Feasibility Study, the ability to satisfy the terms and conditions precedent of the Arrangement Agreement (as defined herein) in order to consummate the Transaction (as defined herein), the ability to obtain all necessary regulatory approvals in connection with the Transaction in a timely manner or at all, the ability of Lundin Mining (as defined herein) to obtain all necessary regulatory approvals in connection with the Transaction in a timely manner or at all, the availability of certain consumables and services and the prices for power and other key supplies, including, without limitation, being approximately consistent with assumptions in the Josemaria Feasibility Study, labour and materials costs, including, without limitation, assumptions underlying Mineral Reserve and Mineral Resource estimates, assumptions made in the pre-feasibility economic assessment estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions, as applicable, results of exploration activities, ability to develop infrastructure, assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits, expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties, and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information and statements, which include, but are not limited to, the risks and uncertainties more fully described in the Company's most recent AIF, periodic filings with Canadian securities regulators and in other Company reports and documents filed with applicable securities regulatory authorities from time to time, which are available under the Company's profile at www.sedar.com.

Cautionary note to U.S. readers regarding presentation of Mineral Reserve and Resource estimates

The Company's Mineral Reserve and Mineral Resource estimations have been prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") – Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards") that are incorporated by reference in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Accordingly, information contained in this document regarding descriptions of the Company's mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Independent auditor's report

To the Shareholders of Josemaria Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Josemaria Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral properties *Refer to Note 6(b), Assessment of impairment indicators of mineral properties, Note 6(e), Exploration and project investigation expenditures and mineral properties, Note 6(f), Impairment of non-financial assets, and Note 9, Mineral properties.* The total book value of mineral properties amounted to $12.4 million as at December 31, 2021. At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to mineral properties. If any such indicator exists, then an impairment test is performed by management. Information considered by management in assessing indicators of impairment may include (i) the period for which the entity has the right to conduct its exploration and project investigation activities, including expected renewals, (ii) whether substantive expenditure on further exploration and project investigation of mineral properties is budgeted, (iii) the evaluation of the results of exploration and project investigation activities up to the reporting date and (iv) the likelihood that the carrying value of mineral properties will be recovered in full from successful development of the asset. No impairment indicators were identified by management as at December 31, 2021.	Our approach to addressing the matter included the following procedures, among others: ● Assessed the judgments made by management in its assessment of impairment indicators, which included the following: – Obtained a list of mining titles to assess (i) the right to explore the area and (ii) title expiration dates. – Evaluated whether the mining titles are in good standing by agreeing the rights to explore to government agency websites, and other regulatory bodies, as applicable. – Read the Board of Directors’ minutes and obtained budget approvals to evidence continued and planned exploration expenditure for 2022, which included evaluating results of current year work programs and management’s longer term plans. – Assessed if sufficient data exists to indicate that the carrying amount is unlikely to be recovered from successful development or sale, based on evidence obtained in other areas of the audit.

We considered this a key audit matter due to the significance of the mineral properties and the judgments made by management in its assessment of indicators of impairment related to mineral properties, and these have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

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 the consolidated financial statements in accordance with IFRS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 25, 2022

Josemaria Resources Inc.
Consolidated Statements of Financial Position
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Note		December 31, 2021		December 31, 2020
ASSETS					
Current assets:					
Cash and cash equivalents		$	2,629,834	$	6,740,884
Investments			183,928		179,259
Receivables and other assets	7		2,085,358		371,132
			4,899,120		7,291,275
Non-current assets:					
Receivables and other assets	7		418,505		210,238
Equipment and other fixed assets	8		51,643,302		2,179,114
Mineral properties	9		12,401,358		10,064,661
TOTAL ASSETS		$	69,362,285	$	19,745,288
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	32,410,063	$	2,708,950
Debentures	13		-		29,258,617
Other liabilities	10		44,622		72,167
			32,454,685		32,039,734
Non-current liabilities:					
Other liabilities	10		16,904		61,526
Debentures	13		39,258,861		-
TOTAL LIABILITIES			71,730,450		32,101,260
EQUITY					
Share capital	11		312,173,677		257,934,980
Contributed surplus	12		15,478,893		13,489,755
Deficit			(333,218,226)		(281,807,438)
Accumulated other comprehensive loss (“AOCI”)			3,197,491		(1,973,269)
TOTAL EQUITY			(2,368,165)		(12,355,972)
TOTAL LIABILITIES AND EQUITY		$	69,362,285	$	19,745,288

Nature of operations and liquidity risk (Note 1)

Subsequent event (Note 2)

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

ON BEHALF OF THE BOARD:

/s/Ashley Heppenstall
Director

/s/Adam I. Lundin
Director

Josemaria Resources Inc.
Consolidated Statements of Comprehensive Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Note		For the Year Ended December 31, 2021		2020
Expenses					
Exploration and project investigation	*14*	$	59,693,967	$	29,934,308
General and Administration ("G&A"):					
Salaries and benefits			3,767,927		2,390,859
Share-based compensation	*12*		2,140,079		1,092,000
Management fees			521,097		472,522
Professional fees			806,106		270,481
Travel			208,635		213,182
Promotion and public relations			537,088		885,665
Regulatory, transfer agent and administration			607,412		428,171
Operating loss			68,282,311		35,687,188
Other items					
Financing costs	*13*		3,133,035		3,526,927
Interest income			(72,674)		(47,294)
Unrealized foreign exchange gain			(308,869)		(1,572,861)
Accretion of share consideration receivable			-		(109,469)
Foreign exchange and trading gains realized on equity investments	*5*		(20,002,517)		(6,489,532)
Other income			13,498		(145,596)
Loss on net monetary position	*4*		366,004		387,800
Net loss			51,410,788		31,237,163
Other Comprehensive (income)/loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment			(601)		7,646
Impact of hyperinflation	*4*		(5,170,159)		(679,424)
Comprehensive loss		$	46,240,028	$	30,565,385
Basic and diluted loss per common share		$	0.14	$	0.12
Weighted average common shares outstanding			356,791,641		269,861,768

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

Josemaria Resources Inc.
Consolidated Statements of Cash Flows
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Note	For the Year Ended December 31, 2021	2020
Cash flows used in operating activities			
Net loss for the year		$ (51,410,788)	$ (31,237,163)
Items not involving cash and cash equivalents:			
Loss on net monetary position and unrealized foreign exchange differences		134,497	346,842
Depreciation		241,395	119,675
Share-based compensation		2,266,870	1,248,436
Financing costs		3,079,535	3,526,927
Accretion of share consideration receivable		-	(109,469)
Other income		(59,176)	(192,890)
Unrealized fair value gain on equity investments		(4,669)	(82,183)
Net changes in working capital items:			
Receivables and other		(1,849,819)	604,823
Trade payables and other liabilities		15,712,962	(4,248,154)
		(31,889,193)	(30,023,156)
Cash flows from financing activities			
Funds received from debentures	*13*	30,585,194	22,480,236
Repayment of debentures	*13*	(20,534,853)	(19,730,170)
Share issuances from option exercises		594,400	-
Repayment of lease liabilities	*10*	(52,796)	(43,091)
Private placement and bought deal, gross proceeds		52,014,891	31,257,501
Private placement and bought deal, issuance costs	*11*	(1,373,834)	(1,312,993)
		61,233,002	32,651,483
Cash flows used in investing activities			
Acquisition of fixed assets	*8*	(33,311,138)	(9,226)
Receipt of proceeds in lieu of share consideration		-	735,000
		(33,311,138)	725,774
Effect of exchange rate change on cash and cash equivalents		(143,721)	(656,668)
Increase (decrease) in cash and cash equivalents during the year		(4,111,050)	2,697,433
Cash and cash equivalents, beginning of year		6,740,884	4,043,451
Cash and cash equivalents, end of year		$ 2,629,834	$ 6,740,884

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

Josemaria Resources Inc.
Consolidated Statements of Changes in Equity
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Number of shares issued and outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total
December 31, 2019	250,336,191	$ 224,619,229	$ 12,241,319	$ (2,645,047)	$ (250,570,275)	$ (16,354,774)
Private placement and bought deal, gross proceeds (Note 11)	46,652,986	31,257,501	-	-	-	31,257,501
Private placement and bought deal, issuance costs (Note 11)	-	(1,312,993)	-	-	-	(1,312,993)
Debenture financing consideration (Note 13)	4,853,632	3,371,243	-	-	-	3,371,243
Share-based compensation (Note 12)	-	-	1,248,436	-	-	1,248,436
Foreign currency translation adjustment	-	-	-	(7,646)	-	(7,646)
Impact of hyperinflation (Note 3)	-	-	-	679,424	-	679,424
Net loss for the year	-	-	-	-	(31,237,163)	(31,237,163)
December 31, 2020	301,842,809	$ 257,934,980	$ 13,489,755	$ (1,973,269)	$ (281,807,438)	$ (12,355,972)
Private placement and bought deal, gross proceeds (Note 11)	75,383,900	52,014,891	-	-	-	52,014,891
Private placement and bought deal, issuance costs (Note 11)	-	(1,373,834)	-	-	-	(1,373,834)
Exercise of options (Note 12)	856,000	872,132	(277,732)	-	-	594,400
Debenture financing consideration (Note 13)	3,061,431	2,725,508	-	-	-	2,725,508
Share-based compensation (Note 12)	-	-	2,266,870	-	-	2,266,870
Foreign currency translation adjustment	-	-	-	601	-	601
Impact of hyperinflation (Note 4)	-	-	-	5,170,159	-	5,170,159
Net loss for the year	-	-	-	-	(51,410,788)	(51,410,788)
December 31, 2021	381,144,140	$ 312,173,677	$ 15,478,893	$ 3,197,491	$ (333,218,226)	$ (2,368,165)

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Josemaria Resources Inc. and its subsidiaries (collectively referred to as the "Company" or "Josemaria") are principally engaged in the acquisition, exploration and development of mineral properties located in Argentina.

The Company is governed by the Canada Business Corporations Act ("CBCA") and its registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company trades under the ticker symbol of "JOSE" on the TSX and on the NASDAQ Stockholm Stock Exchange ("OMX") and "JOSMF" on the OTCQB Venture Market.

During the year ended December 31, 2021 and as of the date of these financial statements, the Company has been affected by the novel coronavirus ("COVID-19") pandemic. The COVID-19 pandemic resulted in the implementation by governments of non-routine measures such as quarantines, travel restrictions and business closures, and while many of these restrictions are now being gradually lifted, measures enacted within Argentina remain strict. These measures at first negatively impacted the global economy and led to volatile market conditions and commodity prices, however indications of economic recovery have endured and the Company, which has strictly followed recommended safety protocols in its operating jurisdictions, has been able to carry on its business activities without significant negative impacts. Despite no significant negative impacts to date, the Company cannot determine any future impact that COVID-19 may have on its operations, financial position or cash flows.

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2021. As at December 31, 2021, the Company's working capital deficit is $27.6 million, and while the net $50.6 million financing completed in April 2021 (Note 11), two additional Debentures issued in September 2021 (Note 13), and US$100.0 million loan provided by Lundin Mining Corporation ("Lundin Mining"; Note 2) will provide sufficient capital for the Company to fund operations for the near term, the Company will need further funding to support the advancement of the Josemaria Project towards development within the next twelve months.

Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties (Note 13). While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing exploration and project investigation activities at the Company's Josemaria Project, the state of international debt and equity markets, investor perceptions and expectations of the global copper, gold, and/or silver markets, and the ongoing COVID-19 pandemic. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. Depending on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

2. TRANSACTION WITH LUNDIN MINING

On December 20, 2021 the Company announced it had entered into a binding agreement (the "Arrangement Agreement") with Lundin Mining whereby Lundin Mining will acquire all of the outstanding common shares of Josemaria (the "Transaction").

Under the terms of the Transaction, Josemaria shareholders will receive total consideration of approximately $625 million on a fully diluted basis, representing $1.60 per common share. Josemaria shareholders will be able to elect to receive the consideration as either (i) $1.60 in cash or (ii) 0.1487 of a Lundin Mining share, or some combination of cash and shares, subject to proration. The total consideration will be subject to maximum aggregate cash consideration of approximately $183 million (representing 30% of the aggregate consideration) and maximum aggregate share consideration of approximately 39.7 million Lundin Mining shares (representing 70% of the aggregate consideration), in each case subject to adjustments in accordance with the plan of arrangement. The consideration represents a premium of 31% and 29% to the closing price and the 10-day volume weighted average price, respectively, of Josemaria's shares on the TSX for the period ending December 17, 2021. On closing of the Transaction, Josemaria shareholders are expected to own approximately 5% of Lundin Mining, on a partially diluted basis.

On February 17, 2022, Lundin Mining announced a semi-annual variable performance dividend of $0.11 per Lundin Mining share to be paid to Lundin Mining shareholders. In accordance with the terms of the Arrangement Agreement, the share consideration payable pursuant to the Transaction will be adjusted such that, for each whole Lundin Mining share that is issued to a Josemaria shareholder on closing of the Transaction, $0.11 in cash will also be paid to such Josemaria shareholder to reflect the semi-annual variable performance dividend of Lundin Mining. The cash consideration payable pursuant to the cash election or pro-ration under the Arrangement Agreement will remain unchanged.

The Transaction, which is not subject to any financing conditions, will be carried out by way of a court-approved plan of arrangement under the CBCA and will require approval by at least (1) 66⅔% of the votes cast by Josemaria shareholders, and (2) 66⅔% of the votes cast by Josemaria security holders (comprised of shareholders and optionholders) at a special meeting expected to be held to consider the Transaction. In addition to approval by Josemaria shareholders, the Transaction is also subject to court approval, regulatory approvals, including approval by the TSX and Nasdaq Stockholm, the approval by the Swedish Financial Supervisory Authority of a Swedish prospectus regarding Lundin Mining's offer to Josemaria shareholders, and the admission of trading of the new Lundin Mining shares and other customary closing conditions for transactions of this nature. The Transaction is expected to be completed in April 2022.

As part of the Arrangement Agreement, Lundin Mining agreed to provide the Company with a loan in the principal amount of up to US$100.0 million (the "Lundin Debenture") to fund anticipated activities of the Company between the date of the Arrangement Agreement and closing of the Transaction. Any principal amount outstanding on the Lundin Debenture will accrue interest at a rate of 5.0% per annum with payments due semi-annually on the last day of June and December. The Lundin Debenture matures on June 30, 2022. On January 18, 2022, the Company received the first draw on the Lundin Debenture in the amount of US$29.8 million.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Except for the application of inflation accounting and accounting of equity investments as further described on Notes 4 and 5, these consolidated financial statements are prepared on a historical cost basis.

The consolidated financial statements were approved by the Board of Directors of the Company on February 25, 2022.

4. ACCOUNTING FOR HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes. Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these consolidated financial statements as the Company's Argentine operating subsidiary (the "Argentine Subsidiary") use the Argentine Peso as its functional currency. The financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation accounting requires restatement of the Argentine subsidiary's non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts have not been restated.

For the year ended December 31, 2021, the Company recognized a gain of $5,170,159 (2020 – $679,424) in relation to the impact of hyperinflation within other comprehensive (income)/loss during the year.

As a result of the change in the IPC from January 1, 2021 to December 31, 2021, the Company recognized a net monetary loss within the Argentine Subsidiary of $366,004 for the year ended December 31, 2021 (2020 – $387,800), to adjust transactions for the period into a measuring unit current as of December 31, 2021. The level of the IPC at December 31, 2021 was 582.5, which represents an increase of 50.9% over the IPC of 385.9 at December 31, 2020.

5. ACCOUNTING FOR EQUITY INVESTMENTS

From time to time, as part of the capital funding process from the Canadian parent to the Argentinian subsidiary, the Company will purchase equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the subsidiary and held for a pre-determined period and then sold. The Company will only purchase equity instruments of highly reputable companies with high trading volumes and low volatilities. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end. The equity instruments are designated as held-for-trading, and as such all changes in the fair value of the underlying equity instruments are recognized through profit and loss.

Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss.

For the year ended December 31, 2021, the Company realized a trading loss of $3,652,255 (2020 – $1,636,799) and a foreign exchange gain of $23,650,103 (2020 – $8,044,148) as a result of holding the equity instruments for a net realized gain of $19,997,848 (2020 – $6,407,349). For the year ended December 31, 2021, the Company also incurred an unrealized gain on available for sale equity investments of $4,669 (2020 – $82,183).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation. The Company's key operating subsidiary as at December 31, 2021 is Desarrollo de Prospectos Mineros S.A. (Argentina).

Subsidiaries are all entities over which the Company has control. An entity is controlled by the Company when it 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 transferred to the Company. They are de-consolidated from the date that control ceases. All of the Company's subsidiaries are wholly-owned.

b) Critical accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and judgements are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates, judgements and other sources of estimation uncertainty as at December 31, 2021 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are as follows:

Going Concern

In preparation of these consolidated financial statements, management has made certain estimates and judgements with respect to evaluating the Company's ability to continue as a going concern, including budgeted expenditures, foreign exchange rates, the timing of certain work activities, and the ability to raise additional funds and extend the maturity dates of the Company's debenture facilities (Note 13). While management is confident in the reasonableness of these underlying assumptions, they are subject to change which could impact the Company's ability to continue as a going concern.

Assessment of impairment indicators of mineral properties

The application of the Company's accounting policy for the impairment of mineral properties requires judgment to determine whether indicators of impairment exist. This includes information such as the period for which the Company has the right to conduct its exploration and project investigation activities, including expected renewals, whether substantive expenditures on further exploration and project investigation of mineral properties are budgeted, the evaluation of the results of exploration and project investigation activities up to the reporting date, and the likelihood that the carrying value of mineral properties will be recovered in full from successful development or sale of the asset. Management has performed an impairment indicator assessment on the Company's mineral properties and has concluded that no impairment indicators exist as of December 31, 2021.

c) Foreign currency translation

Foreign subsidiaries whose functional currency is the currency of a hyperinflationary economy are required to apply hyperinflation accounting in accordance with IAS 29 as described in Note 4. When the economy ceases to be hyperinflationary, the Company will discontinue the application of hyperinflation accounting and the amounts presented in the measuring unit current at the end of the previous reporting period will become the basis for the carrying amounts in its subsequent financial statements.

For foreign subsidiaries whose functional currency is the currency of a non-hyperinflationary economy, transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated based on the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of net loss.

The functional currency of each of the subsidiaries is the currency of the primary economic environment in which the entity operates. Primary and secondary indicators are used to determine the functional currency. The local currency has been determined to be the functional currency of the Company's significant operating subsidiaries. Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at average exchange rate; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

The functional currency of Josemaria Resources Inc., the parent entity, is the Canadian dollar, which is also the presentation currency of the consolidated financial statements.

d) Equipment and other fixed assets

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of an asset begins when it is available for use, ie – when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

e) Exploration and project investigation expenditures and mineral properties

Exploration and project investigation ("E&P") expenditures are those costs required to find a mineral property and determine its commercial viability. E&P costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources.

E&P costs are expensed as incurred until such time that the project demonstrates economic viability and technical feasibility. When these milestones have been achieved, the capitalization of E&P costs will commence. Property acquisition costs are capitalized as mineral properties. In accounting for its asset acquisitions, the Company recognizes future contingent considerations as additions to the cost of the asset initially recorded when incurred.

f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting period for impairment whenever facts and circumstances indicate that the carrying amounts are not recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate cash flows (cash generating units or "CGU"). An impairment loss exists if the asset's or CGU's carrying amount exceeds its recoverable amount and is recorded as an expense in the consolidated statement of loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

g) Financial instruments

Recognition:

The Company measures and classifies its financial assets based on its business model for managing its financial assets and the contractual cash flow characteristics of those financial assets. Financial assets are classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost.

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Investments in equity instruments are required to be measured by default at fair value through profit or loss unless the Company makes an irrevocable election to present subsequent changes in the fair value of its equity investments in OCI. The Company has not elected to measure any of its equity instruments through OCI.

Derecognition:

The Company derecognizes financial assets 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 risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on derecognition of financial assets and liabilities are generally recognized in the consolidated statements of loss.

Impairment:

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby 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 loss of 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 twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

h) Current and deferred income tax

The Company follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and other income tax deductions. Deferred income tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the related assets are realized or the liabilities are settled. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover and settle the carrying amounts of its assets and liabilities, respectively. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period in which the change is substantively enacted.

i) Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk-free rate.

j) Share-based compensation

The Company has a share-based compensation plan for its employees, directors and other eligible participants ("Participants"). Participants may receive options to purchase common shares at a price determined at the time of grant. Fair value for stock options granted is determined on grant date using the Black-Scholes option-pricing model. Share-based compensation expense is recorded over the period the options vest, with a corresponding increase to contributed surplus. The Company issues new common shares to satisfy stock option exercises, with the proceeds received net of any directly attributable transaction costs credited to share capital.

k) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. For diluted earnings per share, dilution is calculated based upon the net number of common shares issued should "in-the-money" options be exercised and the proceeds be used to repurchase common shares at the average market price in the year.

l) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Segment Reporting

Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company's primary reporting segments are based on the location of operations, being South America and Canada. The office in Canada provides support to the project with respect to treasury and finance, technical support, regulatory reporting and corporate administration.

n) New accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board. The following has not yet been adopted by the Company and is being evaluated to determine its impact:

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

IAS 16, Property, plant and equipment ("IAS 16")

Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022. The new standard will not have an impact on the Company's financial results in fiscal 2022.

7. RECEIVABLES AND OTHER ASSETS

		December 31, 2021		December 31, 2020
Receivables and prepaid expenses	$	2,005,689	$	267,999
Taxes recoverable		494,840		313,371
Due from related parties (Note 15)		3,334		-
Total	$	2,503,863	$	581,370

		December 31, 2021		December 31, 2020
Current	$	2,085,358	$	371,132
Non-current		418,505		210,238
Total	$	2,503,863	$	581,370

8. EQUIPMENT AND OTHER FIXED ASSETS

		Equipment		Land & Buildings		Leased Assets		Other assets		Total
December 31, 2019	$	2,173,294	$	-	$	6,605	$	38,500	$	2,218,399
Additions		9,226		-		121,045		-		130,271
Hyperinflation adjustment (Note 4)		(49,765)		-		(116)		-		(49,881)
Depreciation		(67,987)		-		(33,388)		(18,300)		(119,675)
December 31, 2020	$	2,064,768	$	-	$	94,146	$	20,200	$	2,179,114
Additions		23,378,358		23,516,080		-		-		46,894,438
Hyperinflation adjustment (Note 4)		965,492		1,845,653		-		-		2,811,145
Depreciation		(188,847)		-		(40,348)		(12,200)		(241,395)
December 31, 2021	$	26,219,771	$	25,361,733	$	53,798	$	8,000	$	51,643,302

During the year ended December 31, 2021, the Company added $22.8 million (2020 - $nil) of fixed assets, included in "Equipment", in relation to the procurement of technical deliverables for primary mine operating assets. No physical delivery of assets has taken place and further commitments are required in order to proceed with the manufacturing of the physical assets to which the costs incurred to date relate. During the year ended December 31, 2021, the Company also added $19.7 million (2020 – $nil) of fixed assets, included in "Land & Buildings", related to the field season which commenced in Q4 2021. The assets consist of modular-style buildings and related equipment designed to house field and administrative teams on-site. As at December 31, 2021, $13.6 million related to the acquisition of fixed assets remains in trade payables and accrued liabilities, and $25.5 million of assets are not yet subject to depreciation.

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

9. MINERAL PROPERTIES

		Josemaria Project (Note a)
December 31, 2019	$	10,608,482
Hyperinflation adjustment (Note 4)		(543,821)
December 31, 2020	$	10,064,661
Hyperinflation adjustment (Note 4)		2,336,697
December 31, 2021	$	12,401,358

a) The Josemaria Project

<u>**Acquisition of mineral property interests from JOGMEC**</u>

The Company holds a 100% interest in the Josemaria project in San Juan Province, Argentina following its acquisition of all remaining interests in the project from Japan Oil, Gas and Metals National Corporation ("JOGMEC") on November 13, 2017 for total cash consideration of US$21 million. US$3 million was paid on November 2017, with the remainder of the cash consideration to be paid upon completion of the following milestones:

- US$5.0 million payable upon a development and construction decision being made; and
- US$13.0 million upon commencement of commercial production from the property.

In accordance with its accounting policy, the future contingent consideration to be paid upon completion of the applicable milestones will be recorded and added to the mineral property when incurred. JOGMEC retains an option to purchase up to 40% of the material produced from the mine at a price not to exceed the prevailing market price at the time the notice of exercise is given.

<u>**Acquisition of mining concessions from Filo Mining Corp. ("Filo Mining")**</u>

On February 21, 2018, the Company completed the acquisition of a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from Filo Mining, a related party, to expand its Josemaria project in exchange for the following consideration:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which was amended on June 30, 2019 (see below);

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

- A 3% net smelter return ("NSR") royalty on a portion of the mining concessions on properties auxiliary to the Josemaria project, 2% of which can be re-purchased by the Company at any time for $2,000,000; and
- Cash consideration of $64,000 which was paid upon execution of the agreement with Filo Mining.

The mining concessions acquired from Filo Mining, including all transaction costs, have been capitalized as mineral properties. The costs of the mineral properties acquired were measured based on the fair value of the consideration given up. On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility through April 1, 2021, in exchange for cash consideration of $382,670. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022 with no additional consideration paid.

10. OTHER LIABILITIES

	Camp use provision	Lease liability	Total Other liabilities
December 31, 2019	$ 295,573	$ 7,586	$ 303,159
Additions	-	121,045	121,045
Lease payments	-	(43,091)	(43,091)
Hyperinflation adjustment	(101,325)	-	(101,325)
Recognition to income, net of expense	(158,833)	12,738	(146,095)
December 31, 2020	$ 35,415	$ 98,278	$ 133,693
Additions	-	-	-
Lease payments	-	(52,796)	(52,796)
Hyperinflation adjustment	(9,122)	-	(9,122)
Recognition to income, net of expense	(26,293)	16,044	(10,249)
December 31, 2021	$ -	$ 61,526	$ 61,526

	December 31, 2021	December 31, 2020
Current	$ 44,622	$ 72,167
Non-current	16,904	61,526
Total other liabilities	$ 61,526	$ 133,693

11. SHARE CAPITAL

The Company has authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

On August 18, 2020, the Company closed a private placement and concurrent public offering of 46,652,986 common shares of the Company at a price of $0.67 per common share for gross proceeds of $31.3 million, less issuance costs of $1.3 million, for net proceeds of $29.9 million. Zebra Holdings and Investments S.à.r.l.

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

(“Zebra”) and Lorito Holdings S.à.r.l. (“Lorito”), both related parties of the Company, contributed a combined gross $14.7 million as part of the private placement.

On April 19, 2021, the Company closed a private placement of 58,708,900 common shares of the Company at a price (the “Offering Price”) of $0.69 per common share for gross proceeds of $40.5 million. Concurrently, the Company also closed a public offering pursuant to which a syndicate of underwriters purchased, on a bought deal basis, 14,500,000 common shares at the Offering Price for gross proceeds of $10.0 million, plus an over-allotment option at the Offering Price of an additional 2,175,000 common shares for gross proceeds of $1.5 million for total combined gross proceeds of $52.0 million. The Company incurred related share issuance costs of $1.4 million for net proceeds of $50.6 million. As part of both the private placement and public offering, Lorito contributed $20.5 million and acquired 29,760,657 common shares.

12. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted.

During the year ended December 31, 2021, the Company granted a total of 9,305,000 (2020 – 3,977,000) share options to officers, employees, directors and other eligible participants at a weighted average exercise price of $0.79 per share (2020 – $0.67). Share options have an expiry date of five years. During the year ended December 31, 2021, of the 9,305,000 options granted, 1,475,000 options were granted that vest in thirds upon each of the first three anniversaries of the date of grant, and 675,000 options were granted that vest in halves, one half six months after the date of grant, and one half upon the completion of certain milestones. The remaining options typically vest in thirds: one-third immediately upon grant, and the remaining thirds on the first and second anniversary of the date of grant.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model, which includes assumptions of volatility based on historical share price performance. The weighted average assumptions and resulting fair values for grants are as follows:

		2021		**2020**
Weighted-average assumptions:				
Risk-free interest rate *(%)*		0.4		1.4
Expected life *(years)*		4.7		4.2
Expected volatility *(%)*		49.6		49.0
Expected dividend		Nil		Nil
Results:				
Weighted average fair value of options granted *(per option)*	$	0.33	$	0.27

Based on the valuation of $0.33 per option granted, the Company will recognize $3,093,412 in total expense over the vesting period of the 9,305,000 options granted during the year ended December 31, 2021.

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

The total share-based compensation expense for the year ended December 31, 2021 totaling $2,266,870 (2020 – $1,248,436) was presented in the statement of comprehensive loss as follows:

		2021		2020
General and administration	$	2,140,079	$	1,092,000
Exploration and project investigation		126,791		156,436
	$	2,266,870	$	1,248,436

b) Share Options Outstanding

The following is a summary of the movements in the number of share options outstanding and their related weighted average exercise prices:

	Number of shares issuable pursuant to share options		Weighted average exercise price per share
December 31, 2019	9,925,000	$	0.76
Granted	3,997,000		0.67
Expired	(3,060,000)		(0.84)
December 31, 2020	10,862,000	$	0.70
Granted	9,305,000		0.79
Expired / forfeited	(1,847,000)		(0.80)
Exercised	(856,000)		(0.69)
December 31, 2021	17,464,000	$	0.74

During the year ended December 31, 2021, the weighted average closing price of the Company's shares on the dates that share options were exercised was $1.12 (2020 – no options exercised).

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

The following table summarizes information about the outstanding and exercisable share options at December 31, 2021:

	Outstanding Options		Exercisable Options	
Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
$ 0.96	1,475,000	4.7	-	-
$ 0.80	419,000	4.6	139,667	4.6
$ 0.85	575,000	4.5	287,500	4.5
$ 0.75	6,339,000	4.2	2,113,000	4.2
$ 0.73	75,000	3.4	50,000	3.4
$ 0.67	3,561,000	3.2	2,374,000	3.2
$ 0.61	2,505,000	2.9	2,505,000	2.9
$1.01	925,000	2.6	925,000	2.6
$ 0.65	1,590,000	2.2	1,590,000	2.2
	17,464,000	3.6	9,984,167	3.1

13. DEBENTURES

A continuity of the changes in the total outstanding debenture balance is as follows:

December 31, 2019	$	27,917,934
Funds drawn on debentures		22,480,236
Repayments on debentures		(19,730,170)
Other items		44,878
Effect of changes in foreign exchange		(1,454,261)
December 31, 2020	$	29,258,617
Funds drawn on debentures		30,585,194
Repayments on debentures		(20,534,853)
Other items		(17,956)
Effect of changes in foreign exchange		(32,141)
December 31, 2021	$	39,258,861

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

The total debenture balance outstanding, excluding deferred financing fees, as at December 31, 2021 is comprised as follows:

	Lorito Facility (Note a)	2020 Facilities (Note b)	2021 Facilities (Note c)	Total
Current	$ -	$ -	$ -	$ -
Non-current	25,356,000	8,874,600	5,071,200	39,301,800
Total	$ 25,356,000	$ 8,874,600	$ 5,071,200	$ 39,301,800

a) Lorito Facility

On October 25, 2019 the Company secured a US$20.0 million credit facility with Lorito as evidenced by a debenture (the “Lorito Facility”). Pursuant to the terms of the Lorito Facility, Lorito received 80,000 common shares of the Company as consideration upon execution of the Lorito Facility and is entitled to receive 800 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On September 8, 2021, the Company announced an extension of the maturity date of the Lorito Facility from November 25, 2021 to March 7, 2023. No interest is payable during the term of the Lorito Facility, however, any amount remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at December 31, 2021, the Lorito Facility was fully drawn with an outstanding balance of US$20.0 million.

b) 2020 Facilities

On May 25, 2020, the Company secured two credit facilities, evidenced by debentures, totaling US$7.0 million (collectively the "2020 Facilities"), one with Lorito for US$3.5 million (the "Lorito 2020 Facility") and one with Zebra for US$3.5 million (the "Zebra 2020 Facility"). Pursuant to the terms of the 2020 Facilities, Lorito and Zebra each received 16,500 common shares of the Company as consideration upon execution of the 2020 Facilities and are entitled to receive 920 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On September 8, 2021, the Company announced an extension to the maturity date of the 2020 Facilities from November 25, 2021 to March 7, 2023. No interest is payable during the term of the 2020 Facilities, however, any amount of the 2020 Facilities remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at December 31, 2021, the 2020 Facilities were fully drawn with an outstanding balance of US$7.0 million.

c) 2021 Facilities

On September 8, 2021, the Company secured two credit facilities, evidenced by debentures, totaling US$20.0 million (collectively the "2021 Facilities"), one with Lorito for US$10.0 million (the "Lorito 2021 Facility") and one with Zebra for US$10.0 million (the "Zebra 2021 Facility"), each of which has a term of 18 months ending March 7, 2023. Pursuant to the terms of the 2021 Facilities, Lorito and Zebra each received 25,000 common shares of the Company as consideration upon execution of the 2021 Facilities and are entitled to receive 450 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. No interest is payable during the term of the 2021 Facilities, however, any amount of the Lorito 2021 Facility or the Zebra 2021 Facility remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at December 31, 2021, the 2021 Facilities had an outstanding balance of US$4.0 million. On January 4, 2022, the Company drew the remaining US$16.0 million on the 2021 Facilities.

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

Zebra reports its security holdings in the Company as a joint actor with Lorito and they collectively hold more than 20% of the Company's issued and outstanding common shares as at December 31, 2021. No interest is payable in cash during the term and all securities issued in conjunction with these facilities are subject to a four-month hold period under applicable securities law. During the year ended December 31, 2021 the Company issued 3,061,431 shares to Lorito and Zebra (2020 – 4,853,632) as consideration for the funds drawn on the facilities, with an additional 484,800 common shares issuable as at December 31, 2021, resulting in $3,133,035 in financing costs recognized during the year ended December 31, 2021 (2020 – $3,526,927).

14. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs related 100% to the Josemaria Project:

		2021		2020
Land holding costs	$	53,743	$	94,592
Drilling, fuel, camp costs and field supplies		5,034,538		7,484,612
Roadwork, travel and transport		3,940,378		1,460,405
Engineering studies, consultants, geochemistry and geophysics		27,130,831		10,462,785
Environmental and community relations		3,681,992		2,381,629
VAT, other taxes and fees		2,981,949		5,215,873
VAT related to fixed assets		4,420,144		-
Office and general, salaries, and overhead		11,314,651		2,082,538
Share-based compensation		126,791		156,436
Inflation adjustment (Note 4)		1,008,950		595,438
Total Expenditures	$	59,693,967	$	29,934,308

15. RELATED PARTY TRANSACTIONS

a) Related party services and balances

The Company has formalized cost sharing arrangements with NGEx Minerals Ltd. ("NGEx Minerals") and Filo Mining Corp. ("Filo Mining"; collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company ("Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services").

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

Other than those related party transactions identified in Note 13, the Company's related party transactions are as follows:

		2021		2020
Income from Josemaria Services provided:				
Filo Mining	$	99,869	$	314,419
NGEx Minerals		42,058		150,750
Total	$	141,927	$	465,169

		2021		2020
Costs of Related Party Services received:				
Filo Mining	$	(281,813)	$	(943,427)
NGEx Minerals		(83,524)		(139,906)
Total	$	(365,337)	$	(1,083,333)

The amounts due from/to the Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

		December 31, 2021		December 31, 2020
Due from Filo Mining	$	1,667	$	-
Due from NGEx Minerals		1,667		-
	$	3,334	$	-

		December 31, 2021		December 31, 2020
Due to Filo Mining	$	(46,678)	$	-
Due to NGEx Minerals		(27,996)		-
	$	(74,674)	$	-

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of the costs of the Related Party Services received from its Related Parties, and the composition thereof, is as follows:

	2021	2020
Salaries and other payments	$ 2,879,417	$ 1,218,107
Employee benefits	39,610	28,196
Director fees	280,000	103,723
Share-based compensation	1,505,772	1,072,121
	$ 4,704,799	$ 2,422,147

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

16. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented in Note 9 and Note 16 reflect the way in which management reviews its business performance. The Company's primary business activity is the advancement of the Josemaria Project in San Juan, Argentina. All of the Company's non-current assets and exploration and project investigation costs are located and incurred within Argentina, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent. The following is a summary of net losses and selected non-current assets by segment:

	December 31, 2021			
	Receivables and other assets	Equipment and other fixed assets	Mineral properties	Total
Josemaria Project	$ 418,505	$ 51,565,987	$ 12,401,358	$ 64,385,850
Corporate	-	77,315	-	77,315
Total	$ 418,505	$ 51,643,302	$ 12,401,358	$ 64,463,165

	December 31, 2020			
	Receivables and other assets	Equipment and other fixed assets	Mineral properties	Total
Josemaria Project	$ 210,238	$ 2,149,791	$ 10,064,661	$ 12,424,690
Corporate	-	29,323	-	29,323
Total	$ 210,238	$ 2,179,114	$ 10,064,661	$ 12,454,013

	2021			2020		
	Exploration and Project Investigation	G&A and other items	Net loss/(gain) for the period	Exploration and Project Investigation	G&A and other items	Net loss for the period
Josemaria Project	$ 59,693,967	$ -	$ 59,693,967	$ 29,934,308	$ -	$ 29,934,308
Corporate	-	(8,283,179)	(8,283,179)	-	1,302,855	1,302,855
Total	$ 59,693,967	$ (8,283,179)	$ 51,410,788	$ 29,934,308	$ 1,302,855	$ 31,237,163

(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

17. INCOME TAXES

		2021		2020
Combined basic federal and provincial income tax rates		27.0%		27.0%
Net loss before taxes	$	(51,410,788)	$	(31,237,163)
Expected income recovery	$	(13,880,913)	$	(8,434,034)
Non-deductible share based compensation		612,055		337,078
Other non-deductible expenses and other permanent differences		8,404,198		2,603,761
Changes in foreign tax and currency rates		(113,554)		788,823
Income tax benefits not recognized and other items		4,978,214		4,704,372
Income tax recovery	$	-	$	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		December 31, 2021		December 31, 2020
Non-capital losses carried forward	$	13,238,273	$	9,144,833
Capital losses carried forward		21,043,157		21,043,157
Mineral properties and related expenditures		18,444,398		8,981,100
Others		583,622		384,284
Unrecognized deferred tax assets	$	53,309,450	$	39,553,374

As at December 31, 2021, the Company has the following tax losses, primarily in Canada and Argentina, which may be used to reduce future taxable income:

Year of Expiry		Canada		Argentina		Other		Total
2022	$	-		4,342		14,212		18,554
2023		-		3,375		19,534		22,909
2024		-		47,294		18,351		65,645
2025		591,513		174,588		21,859		787,960
2026 and onwards		42,993,764		3,905,221		18,291		46,917,276
Total	$	43,585,277	$	4,134,820	$	92,247	$	47,812,344

18. FAIR VALUE ESTIMATION

The fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

- Level 1 – Quoted market price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

- Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, receivables and others, trade payables and accrued liabilities, and debentures which are classified as amortized cost. The fair value of investments in shares is determined based on the quoted market price (Level 1).

19. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized cost or fair value through profit and loss. The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, trade payables and accrued liabilities, debentures, and other liabilities. The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, receivables and other assets, trade payables and accrued liabilities, debentures, and other liabilities. The fair value of investments is determined directly by reference to quoted market prices in active markets. The Company's financial instruments are exposed to certain financial risks, including credit, liquidity and market risks.

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with receivables and other assets are minimal as the Company manages these amounts so as not to have material balances outstanding for long periods of time. Credit risks associated with investments are minimal as the Company does not hold its investments for long periods of time.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which is managed through the management of its capital structure. The Company closely monitors and reviews its costs incurred and actual cash flows against the approved budget on a monthly basis to ensure the Company's access to funds is adequate to support the Company's operations on an ongoing basis. See also Note 1.

The maturities of the Company's financial liabilities as at December 31, 2021 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 32,357,306	$ 32,357,306	$ -	$ -
Debentures	39,258,861	-	39,258,861	-
Other liabilities	61,526	44,622	16,904	-
Contractual commitments for fixed assets	2,215,034	2,215,034	-	-
Total	$ 73,892,727	$ 34,616,962	$ 39,275,765	$ -

As at December 31, 2021, the Company has additional minimum commitments of $2.2 million related to the procurement of technical deliverables for primary mine operating assets (Note 8).

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise two types of risk: currency risk and price risk. Financial instruments affected by market risk include cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, debentures, and other liabilities.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to currency risks as its parent is headquartered in Canada and its day-to-day transactions take place in Canadian dollars, while its foreign operations are conducted in Argentina, and the Company also holds significant debentures denominated in the United States dollar. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risk by sending its cash to its foreign operation as required. Based on the Company's net exposures at December 31, 2021, a 10% depreciation or appreciation in the Argentina peso or United States dollar relative to the Canadian dollar would have resulted in an approximate $2.1 million and $3.9 million, respectively, increase or decrease in the Company's net loss.

Price risk

Price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. From time to time, as part of the funding process to its subsidiary, the Company holds equity instruments for short periods with the intention of trading. During these holding periods, the Company is exposed to changes in share prices which result in gains or losses being recognized in profit and loss. The Company does not hold significant numbers of equity instruments at period end and therefore has no significant exposure to price risk as at December 31, 2021.

20. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management and definition of capital, the Company considers the items included in shareholders' equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are monitored against actual costs, and updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.