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**MONTERO MINING AND EXPLORATION LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS**

**MARCH 31, 2021 and 2020**  
**Expressed in Canadian Dollars**

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The accompanying unaudited interim consolidated financial statements of Montero Mining and Exploration Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**MONTERO MINING AND EXPLORATION LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars – unaudited)

	Notes	March 31, 2021	December 31, 2020
<b>ASSETS</b>		\$	\$
<b>Current assets</b>			
Cash	4	1,029,961	1,704,095
Other receivables	5	6,938	8,864
Prepaid expenses and deposits		94,852	43,258
Total current assets		1,131,751	1,756,217
<b>Non-current assets</b>			
Plant and equipment	6	1,219	1,324
Exploration and evaluation assets	7	990,709	325,274
Total non-current assets		991,928	326,598
<b>TOTAL ASSETS</b>		<b>2,123,679</b>	<b>2,082,815</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	582,852	415,869
Total current liabilities		582,852	415,869
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	18,116,063	18,050,471
Warrants	10	756,506	756,506
Share-based payment reserve	11	8,069,339	8,110,635
Foreign currency translation reserve		1,040,923	1,047,560
Accumulated deficit		(26,442,004)	(26,298,226)
Total shareholders' equity		1,540,827	1,666,946
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,123,679</b>	<b>2,082,815</b>
Nature and continuance of operations	1		

**On behalf of the Board:**

*"Antony Harwood"*

Antony Harwood, Director

*"Andrew Thomson"*

Andrew Thomson, Director

See accompanying notes to the condensed consolidated interim financial statements

**MONTERO MINING AND EXPLORATION LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars – unaudited)

	Notes	Three months ended March 31, 2021 \$	Three months ended March 31, 2020 \$
<b>EXPENSES</b>			
Consulting, administrative and management fees	14	71,205	66,462
Directors fees	14	9,875	-
Depreciation		104	265
General and administrative	14	32,216	11,316
Other expenses		314	2,789
Professional fees		32,867	14,202
Project investigation costs		2,029	6,624
Shareholder and regulatory		8,344	1,877
<b>OPERATING LOSS</b>		<b>(156,954)</b>	<b>(103,535)</b>
<b>OTHER ITEMS</b>			
Recovery on impaired exploration and evaluation assets	7	-	32,295
Foreign exchange gain		2,471	46
		2,471	32,341
<b>NET LOSS</b>		<b>(154,483)</b>	<b>(71,194)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange difference on translating foreign operations		(6,637)	(3,599)
<b>COMPREHENSIVE LOSS</b>		<b>(161,120)</b>	<b>(74,793)</b>
<b>EARNINGS (LOSS) PER SHARE</b>			
<b>- BASIC AND DILUTED</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

See accompanying notes to the condensed consolidated interim financial statements

**MONTERO MINING AND EXPLORATION LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars - unaudited)

	Note	Share Capital		Warrants	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	TOTAL EQUITY
		Number of Shares	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>		<b>21,880,818</b>	<b>16,448,943</b>	<b>306,361</b>	<b>7,292,626</b>	<b>1,050,898</b>	<b>(25,565,060)</b>	<b>(466,232)</b>
Net loss and comprehensive loss		—	—	—	—	(3,599)	(71,194)	(74,793)
<b>Balance, March 31, 2020</b>		<b>21,880,818</b>	<b>16,448,943</b>	<b>306,361</b>	<b>7,292,626</b>	<b>1,047,299</b>	<b>(25,636,254)</b>	<b>(541,025)</b>
Net loss and comprehensive loss		—	—	—	—	261	(661,972)	<b>(661,711)</b>
Shares issued for cash	9	16,666,667	2,500,000	-	-	-	-	<b>2,500,000</b>
Fair value of warrants issued	9	-	(756,506)	756,506	-	-	-	-
Expired warrants	10	-	-	(306,361)	306,361	-	-	-
Share and warrant issue costs	9	-	(141,966)	-	-	-	-	<b>(141,966)</b>
Stock-based compensation	11	-	-	-	511,648	-	-	<b>511,648</b>
<b>Balance, December 31, 2020</b>		<b>38,547,485</b>	<b>18,050,471</b>	<b>756,506</b>	<b>8,110,635</b>	<b>1,047,560</b>	<b>(26,298,226)</b>	<b>1,666,946</b>
Net loss and comprehensive loss						(6,637)	(154,483)	(161,120)
Stock options exercised		100,000	65,592	-	(30,591)	-	-	35,001
Stock options cancelled		-	-	-	(10,705)	-	10,705	-
<b>Balance, March 31, 2021</b>		<b>38,647,485</b>	<b>18,116,063</b>	<b>756,506</b>	<b>8,069,339</b>	<b>1,040,923</b>	<b>(26,442,004)</b>	<b>1,540,827</b>

See accompanying notes to the condensed consolidated interim financial statements

**MONTERO MINING AND EXPLORATION LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars - unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(154,483)	(71,194)
Adjustments to loss for non-cash items:		
Depreciation	105	265
Net changes in non-cash working capital items:		
Other receivables	1,926	(20,593)
Prepaid expenses and deposits	(51,594)	(7,415)
Trade and other payables	160,347	68,803
Net cash flows used in operating activities	(43,699)	(30,134)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(665,435)	(30,102)
Net cash provided by (used in) investing activities	(665,435)	(30,102)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Promissory note payable	-	50,000
Stock option exercise funds received	35,000	-
Net cash provided by (used in) financing activities	35,000	50,000
<b>ET DECREASE IN CASH</b>	(674,134)	(10,236)
<b>CASH, BEGINNING OF PERIOD</b>	1,704,095	10,979
<b>CASH, END OF PERIOD</b>	1,029,961	743

See accompanying notes to the condensed consolidated interim financial statements

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Montero Mining and Exploration Ltd (“Montero” or the “Company”) was incorporated on October 5, 2006, under the laws of British Columbia, Canada. Montero and its subsidiaries (collectively, the “Company”) are engaged in the acquisition and exploration of mineral properties.

Montero is a publicly listed company with its shares listed on the TSX Venture Exchange (“TSX-V”). The Company’s registered office is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC, V6E 4H3 and its head office address is 789 West Pender Street, Suite 1080, Vancouver, BC V6C 1H2.

Going Concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2021, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions give rise to significant doubt about the Company’s ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (COVID-19). The Company continues to operate its business and move its exploration activity forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

**2. BASIS OF PREPARATION**

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The consolidated financial statements were authorized for issue on May 31, 2021 by the Board of Directors of the Company.

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

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**Basis of Measurement**

These condensed interim consolidated financial statements have been prepared on the historical cost basis as modified by any revaluation of financial assets measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian dollars (“CDN”), which is also the Company’s functional currency.

**Basis of Consolidation**

The consolidated financial statements include the accounts of Montero, the parent company, and its controlled subsidiaries, after the elimination of all intercompany balances and transactions. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceased. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Company’s controlled subsidiaries included in these consolidated financial statements are:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Ownership</b>
Montero Resource Holding Limited	British Virgin Islands	100%
Wigu Hill (BVI) Limited	British Virgin Islands	100%
Lumba (BVI) Limited	British Virgin Islands	100%
Montero Projects Limited	British Virgin Islands	100%
Eurozone Investments Limited	British Virgin Islands	100%
Montero Mining Namibia (Pty) Ltd.	Namibia	100%
Soris Lithium Proprietary Limited	Namibia	80%
Phosagro (Pty) Ltd.	South Africa	100%
Montero Wigu Hill (Tanzania) Limited	Tanzania	100%
Montero Resources Limited	Tanzania	100%
Lumba Exploration Limited	Tanzania	100%
Wigu Hill Mining Company Limited	Tanzania	82.25%
Lumba Mining Company Limited	Tanzania	82.25%
Minera Joy SpA	Chile	100%
Minera Joy East SpA	Chile	100%
Minera Joy West SpA	Chile	85%

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on managements’ experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas requiring a significant degree of estimation relate to the recoverability of deferred tax assets, fair value measurements of financial instruments and share-based payments.

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
(Expressed in Canadian Dollars – unaudited)

**4. CASH AND CASH EQUIVALENTS**

The components of cash and cash equivalents are as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Cash held at banks	1,029,961	1,704,095

Cash held at banks earns no interest.

**5. OTHER RECEIVABLES**

Other receivables consist of the following:

	March 31, 2021	December 31, 2020
	\$	\$
Other	6,938	8,864
	<b>6,938</b>	<b>8,864</b>

**6. PLANT AND EQUIPMENT**

	Field Equipment	Furniture and Fixtures	TOTAL
	\$	\$	\$
<b>Cost:</b>			
Balance, December 31, 2020	147,409	21,301	168,710
Additions	-	-	-
Foreign exchange translation	-	-	-
Balance, March 31, 2021	147,409	21,301	168,710
<b>Accumulated Depreciation:</b>			
Balance, December 31, 2020	146,189	21,197	167,386
Additions	92	13	105
Balance, March 31, 2021	146,281	21,210	167,491
<b>Net Book Value:</b>			
At December 31, 2020	1,220	104	1,324
<b>At March 31, 2021</b>	<b>1,128</b>	<b>91</b>	<b>1,219</b>



## **7. EXPLORATION AND EVALUATION PROJECTS**

### **a) CHILE**

#### **Isabella Gold Silver Project**

In August 5, 2020, the Company signed a Binding Purchase and Sale Agreement to acquire a 100 % interest in a private Chilean company Minera Joy SpA (“ChileCo”) from a local party. at this time ChileCo directly held 100% of the mineral rights to 18 km<sup>2</sup> of exploration mining concessions and two subsidiaries (Subsidiary 1 and Subsidiary 2) with 49 km<sup>2</sup> of mineral right under 2 agreements. The mineral concessions held by both subsidiaries are subject to joint venture and mining option agreements with local parties.

Montero through ChileCo holds an 85% interest in Subsidiary 1 which holds 16 exploration mining concessions (“Isabelle West Concessions”). ChileCo has the right to purchase the remaining 15% interest by making a payment of US\$100,000 by June 2021.

Montero through ChileCo holds a 100% interest in Subsidiary 2 which is earning an 85% interest in the Isabella East exploitation mining concessions, (Isabella East Concessions) held by a local party, by making cash payments totaling US\$ 450,000 by August 2022.

The Isabella East concessions consist of 5 exploitation mining concessions (the “East Concessions”) pursuant to an existing option agreement. The option payment obligations as of May 25, 2021 are as follows:

- US\$ 100,000 by August 31, 2020 (paid\*)
- US\$ 100,000 by August 31, 2021; and
- US\$ 250,000 by August 31, 2022.

\* Montero completed option payments of US\$ 50,000 (CAD \$65,691) on August 30, 2020 and US\$ 50,000 on February 15, 2021 as per the agreement.

Upon making the above payments the Isabella East Concessions will be transferred to Subsidiary 2 and ChileCo’s ownership interest will decrease to 85%. At this time ChileCo will have the option to acquire the remaining 15% interest by granting a Net Smelter Return Royalty (“NSR”) of 2% to the local party and in addition have the right to purchase the 2% NSR for a cash payment of US\$ 2,000,000.

ChileCo is the owner of 38 exploration mining concessions.

In April 2020 the Company incurred \$3,500 in connection with the Minera Joy East option as a project investigation cost.

#### **Avispa Copper Molybdenum Project**

On October 2019 the Company applied for exploration mining concessions in northern Atacama to explore for copper and molybdenum and these were awarded in October 4, 2020. At the period ended March 31, 2021, Montero has capitalized \$54,226 in costs related to the application and grant of these concessions.

### **b) NAMIBIA**

#### **Lithium Projects**

##### **Soris Lithium Project**

On October 10, 2017, the Company entered into a Letter of Intent (“LOI”) with Frovio Investment (“Frovio”) and Mickal Tjituka (“Tjituka”), the owner of Frovio, to acquire up to an 80% interest in a newly formed company (“Newco”) that will hold the mining claims that make up this lithium project (the “Soris Lithium Project”). At December 31, 2019, due to the Company’s current inability to obtain a permit to allow drilling and the weak lithium market an impairment

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

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charge of \$224,229 was recorded.

**UIS Lithium Tin Tailings Project**

On March 5, 2018, the Company entered into a binding Heads of Agreement (“HOA”) with Namib Base Minerals CC (“NBM”) and Namibia Silica CC (“NBS”), (collectively the “Owners”) to acquire a 95% interest in the UIS Lithium Tin Tailings Project. The Company was unable to complete the earn-in payment due to poor market conditions for lithium. The Company capitalized costs of \$169,662 on the UIS Lithium Tin Tailings Project. As the agreement is in default, the Company impaired the carrying value of this project during the year ended December 31, 2019.

**EPL 6162 Lithium Project**

On March 1, 2018, the Company entered into a LOI with Mr. Esegial Xamseb (“Xamseb”), a Namibian national, to acquire an 80% interest in the Exclusive Prospecting License 6162 (“EPL 6162 Lithium Project”). Under the terms of the LOI, Montero can earn an 80% interest in the EPL 6162 Lithium Project by spending \$1,000,000 over a three year period. Montero shall pay Xamseb \$5,000 on signing of a definitive agreement and make annual payments to him of \$10,000 on the anniversary of the effective date. There was a due diligence period of three months provided.

As of December 31, 2019, the Company capitalized costs of \$11,023 on the EPL 6162 Lithium Project. As at December 31, 2019, the Company has withdrawn from this project and issued a termination notice and recorded an impairment charge of \$11,023. During the year ended December 31, 2020, the Company reversed certain costs relating to this project and recognized a recovery of \$3,869.

**c) SOUTH AFRICA**

**Phosco Project**

The licenses comprising the Phosco project expired in February 2019 and management re-applied for only the mining rights to the Duyker Elland project area. The Phillips Krall area was not re-applied for.

During the year ended December 31, 2019, the Company incurred costs of \$6,648 on the Phosco project which were expensed as project investigation costs.

**d) TANZANIA**

**Wigu Hill Project**

From May 26, 2008 to April 27, 2010 Montero Tanzania completed an earn-in on the Wigu Hill rare earth Project whereby the tenements were transferred to a newly formed company Wigu Hill Mining Company Limited (“WHMC”). Pursuant to defining a rare earth resource, Montero’s interest in WHMC increased to over 82.25%. In 2014, Montero applied for and was awarded in 2015 a Retention Licence over the Wigu Hill Deposit, placing the project on care-and- maintenance. Retention Licenses were granted to previous holders of a Prospecting License after a mineral deposit was defined within the prospecting area which could not immediately be developed due to technical constraints, adverse market conditions or other economic factors.

In July 2017 the Government of Tanzania announced wide-ranging and severe amendments to the Mining Act 2010, which, inter alia, abolished the legislative basis for the Retention License classification with no replacement classification. On January 10th 2018, the Government of Tanzania cancelled all Retention Licenses issued prior to January 10th 2018 at which point they ceased to have any legal effect and the carrying value of the project was impaired.

During the year ended December 31, 2019, the Company reversed an accrual for certain license fee payments resulting in an impairment reversal of \$29,823.

On August 8th, 2018 the Company signed a letter of intent (“LOI”) to sell the holding company that holds 100% of the Intellectual Property (“IP”) relating to the Wigu Hill Project to Transocean Group (“Transocean”) and Cheetah Resources Pty Ltd. (“Cheetah”). Upon signing, the Company received a fee of \$100,000 and on the award of a

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
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Mining License to the Company Cheetah would be granted a six months option and due diligence period where it agreed to fund a \$500,000 development program and complete a legal and technical due diligence of the IP.

If Cheetah decides to take up its option in this six month option period it has the rights to acquire all the Company's equity interest in the subsidiary company holding the Wigu Hill Mining License and thereby the IP for \$1.1 million after which Cheetah will grant and register a 1% net smelter return royalty payable to the Company on any production from the IP and future licenses awarded at Wigu Hill. Until such time as the Mining rights have been granted, Cheetah has agreed to pay overhead costs of USD \$7,000 per month.

In the event that the agreement is terminated by Cheetah in circumstances where the Tanzanian Ministry of Mines does not grant the Mining License to Cheetah, the \$100,000 will become a loan repayable 12 months from the date of termination bearing interest at 5% per annum. Currently no provision has been recognized in relation to the deposit received as the Company does not consider it probable that the license will not be granted and it will need to repay this amount to Cheetah.

Pursuant to the letter of intent, Cheetah is due to be pay overhead costs of USD \$7,000 per month. The overhead costs have not been received by the Company since October 2019 and therefore the Company has recorded an allowance of \$15,265 during the year ended December 31, 2020. During the year ended December 31, 2019 the Company received other reimbursements in the amount of USD \$42,575, \$56,333, plus the deposit of \$100,000, offset by other costs of \$16,840 for a net recovery of \$250,637. During the year ended December 31, 2020, the Company recognized other recoveries in the amount of \$10,001.

Details of the Company's exploration and evaluation activity for the period ended March 31, 2021 are as follows:

<b>Chile</b>			
	<b>Isabella Gold/Silver Project</b>	<b>Avispa Copper Molybdenum Project</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	-	-	-
Costs incurred during the year:			
License and claims	62,188	54,226	<b>116,414</b>
Option payment	128,808	-	<b>128,808</b>
Geophysical and maps	3,178	-	<b>3,178</b>
Project and administration	195,686	-	<b>195,686</b>
Drilling	546,623	-	<b>546,623</b>
<b>Total</b>	<b>936,483</b>	<b>54,226</b>	<b>990,709</b>

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

**8. TRADE AND OTHER PAYABLES**

The components of trade and other payables is as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Trade payables	388,927	202,982
Amounts due to related parties (Note 14)	107,834	123,166
Accrued liabilities	86,091	89,721
	<b>582,852</b>	<b>415,869</b>

These amounts are non-interest bearing with all amounts due within twelve months.

**9. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Issued and Outstanding**

At March 31, 2021 there were 38,647,485 (December 31, 2020 – 38,547,485) issued and fully paid common shares outstanding.

**Changes During the Period Ended March 31, 2021**

On January 18, 2021 100,000 stock options were exercised at \$0.35 per share. The Company received \$35,000 upon the exercise and the share-based payment reserve has been adjusted for \$30,592.

**Stock Options**

The Company has established a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants. The number of common shares that are available for grants of options under the Plan shall not at any time exceed 10% of the number of outstanding common shares, calculated at the time of grant. Options granted under the Plan generally have a term of five years and vest on the date of the grant. During the current period the Company cancelled 44,500 stock options that were granted May 15, 2018. The fair value was adjusted to share-based payment reserve and retained earnings.

A summary of the continuity of the Company’s stock options is as follows:

	March 31, 2021		December 31, 2020	
	Number of Shares Issuable	Weighted Average Exercise Price	Number of Shares Issuable	Weighted Average Exercise Price
		\$		\$
Options outstanding, beginning of period	3,424,500	0.30	1,752,000	0.25
Granted	-	0.35	1,672,500	0.35
Cancelled	(44,500)	0.25	-	-
Exercised	(100,000)	0.35	-	-
Options outstanding and exercisable, end of period	3,280,000	0.30	3,424,500	0.30

1,707,500 of the stock options expire on May 14, 2023 and 1,572,500 expire on December 21, 2023 and the weighted average remaining contractual life of the outstanding stock options is 2.41 years.

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
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**10. WARRANTS**

The issued and outstanding warrants are comprised of the following:

<b>Date of expiry</b>	<b>Warrant Reserve</b>	<b>Number of warrants</b>	<b>Exercise Price</b>
	\$		\$
December 11, 2022	756,505	8,333,333	0.25
<b>Balance, March 31, 2021</b>	<b>756,505</b>	<b>8,333,333</b>	

A summary of the continuity of the Company's warrants is as follows:

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Number of Shares Issuable	Weighted Average Exercise Price	Number of Shares Issuable	Weighted Average Exercise Price
		\$		\$
Warrants outstanding, beginning of period	8,333,333	0.25	3,440,849	0.32
Issued	-	-	8,333,333	0.25
Expired	-	-	(3,440,849)	0.32
Warrants outstanding, end of period	8,333,333	0.25	8,333,333	0.25

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

At March 31, 2021, the weighted average remaining contractual life of the outstanding warrants was 1.70 years.

The warrant reserve records the fair value of warrants associated with private placements until such time that the warrants have expired, at which time the corresponding amount will be transferred to share-based payment reserve. If the warrants are exercised prior to expiry, the corresponding amount will be transferred to share capital.

**11. SHARE-BASED PAYMENT RESERVE**

The Company's share-based payment reserve is comprised of the following:

	\$
Expired warrants	5,392,834
Expired stock options	1,774,002
Unexpired stock options	902,503
<b>Balance, December 31, 2020</b>	<b>8,069,339</b>

The share-based payment reserve records items recognized as stock-based compensation expense, the fair value of expired warrants associated with private placements and the fair value of agent's warrants. If the stock options are exercised prior to expiry, the corresponding amount will be transferred to share capital.

**12. LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The basic and diluted earnings (loss) per share are the same since the Company reported a loss for 2020 and 2019.

**	March 31, 2021	March 31, 2020
Net loss attributable to owners of the parent company	\$ (154,483)	\$ (71,194)
Weighted average number of ordinary shares outstanding	38,627,485	21,880,818
Basic and diluted loss per ordinary share	\$ (0.01)	\$ (0.01)

**13. COMMITMENTS AND CONTINGENCIES**

The Company has no lease commitments. The Company has option commitments relating to its exploration and evaluation projects as outlined in Note 7.

On January 8, 2021, Montero completed a Litigation Funding Agreement (the "Agreement") with Omni Bridgeway Canada Limited ("Omni Bridgeway") in the amount of US\$2.32M. The Agreement provides for funds to be drawn from a financing facility to meet all fees and expenses relating to the pursuit of certain claims against the Government of Tanzania for the illegal expropriation and loss of the Wigu Hill Project, including all costs associated with legal proceedings and, if necessary, enforcement, of any awards. Montero has initiated international arbitration proceedings in accordance with the BIT between Canada and the United Republic of Tanzania. Compensation being sought for expropriation of the Wigu Hill rare earth element Project may include, but will not be limited to, the value of the historic investment made by Montero in Tanzania, the value of the project at the time that tenure was expropriated and damages the Company has suffered as a result of Tanzania's acts and omissions (Note 7).

MONTERO MINING AND EXPLORATION LTD.  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021 AND 2020  
(Expressed in Canadian Dollars – unaudited)

14. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	Three months ended March 31	
	2021	2020
	\$	\$
<i>Compensation of directors</i>		
Directors fees	9,875	-
	9,875	-
<i>Compensation of key management personnel</i>		
Short-term benefits	35,268	32,206
	35,268	32,206
<b>Total remuneration of directors and key management</b>	<b>45,143</b>	<b>32,206</b>

Related party balances

The Company incurred the following transactions with management, directors, officers or companies which have directors in common, or in which the directors have significant influence and interests.

	Three months ended March 31	
	2021	2020
	\$	\$
<i>Operating expense transactions</i>		
Consulting, directors', administrative and management fees	10,958	25,048
General and administrative	-	1,734
<b>Total trading transactions with related parties</b>	<b>10,958</b>	<b>26,782</b>

The following amounts due to related parties are included in trade and other payables:

	March 31, 2020	December 31, 2020
	\$	\$
<b>Due to related parties</b>	<b>94,290</b>	<b>73,166</b>
<b>Promissory Note</b>	<b>50,000</b>	<b>50,000</b>
<b>Total</b>	<b>144,290</b>	<b>123,166</b>

The amounts due to related parties represent amounts due to directors and officers or companies which have directors in common, or in which the directors have significant influence and interests. These amounts are unsecured, non- interest bearing and are due within twelve months. The promissory notes are interest bearing at 5.0% per annum. The unpaid principal amount together with any accrued and unpaid interest, shall become due and payable in full on or before December 31, 2020. No demand for repayment has been made.

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

**15. SEGMENTED INFORMATION**

The Company has one business segment being the exploration and evaluation of mineral resources. The Company is organized by geographic area and as such, its reportable geographic segments are located in Canada, Namibia, South Africa, Chile and Tanzania.

Information regarding the Company's geographic segments is as follows:

<b>As at March 31, 2021</b>			
	<b>Chile</b>	<b>Namibia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant and equipment	505	624	1,129
Exploration and evaluation assets	990,709	-	990,709
<b>Total non-current assets</b>	<b>991,214</b>	<b>624</b>	<b>991,838</b>

<b>As at December 31, 2020</b>			
	<b>Chile</b>	<b>Namibia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant and equipment	546	778	1,283
Exploration and evaluation assets	325,274	-	325,274
<b>Total non-current assets</b>	<b>325,820</b>	<b>778</b>	<b>326,598</b>

**16. NON-CASH TRANSACTIONS**

There were no non-cash transactions during the three months ended March 31, 2021 or three months ended March 31, 2020 that are not reflected in the statement of cash flows.

**17. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it will be able to continue as a going concern, while supporting the Company's business and maximizing the return to its stakeholders. The Company's capital structure is adjusted based on management's decisions to issue debt or equity instruments to fund expenditures. In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business. The capital of the Company consists of equity attributable to owners of the parent comprised of share capital, stock options and warrants.

The Company's principle activities are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. In order to facilitate the management of capital and exploration of its mineral properties, the Company needs to raise capital as and when required to complete its projects and for working capital. The sources of future funds presently available to the Company are through the issuance of new share capital, through the exercise of stock options and/or warrants or through borrowings from related parties.



**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

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The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to arrange additional financing, when required, on terms satisfactory to the Company.

Management prepares operating budgets to forecast its financing requirements in advance and they review their capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company. The Company's investment policy is to hold excess cash in interest-bearing accounts at high credit quality financial institutions to minimize risk and maximize liquidity. The Company's overall strategy remains unchanged from the prior period. The Company is not subject to any externally imposed capital requirements

## **18. RISK MANAGEMENT**

The Company operates in the mining industry and faces a number of risks that could adversely affect the Company's operations. These risks include industry risk, credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk. Management reviews and develops policies for managing each of these risks which are summarized below.

### *Industry Risk*

The Company is engaged in the mineral exploration field, which is subject to inherent risks of success as well as compliance with environmental, political and regulatory requirements. The Company is potentially at risk for environmental reclamation obligations associated with resource property interests. As well, the Company operates in foreign countries and is subject to local political risks, as well as local regulatory requirements regarding ownership and maintenance of mineral licences. Management is of the opinion that they have the expertise to address these risks and makes all efforts to conduct their business in compliance with local industry standards, however environmental and local industry laws and practices are complex, and there is no certainty that all exposure to liability or costs have been mitigated.

### *Credit Risk*

Credit risk is the risk of loss associated with a counter-party's ability to fulfill its payment obligations. The Company's primary exposure to credit risk is attributable to its cash and cash equivalents, as well as other receivables. This risk relating to cash and cash equivalents is considered low since the Company only invests its cash in major banks which are high credit quality financial institutions. The other receivables primarily comprise local sales tax refunds due from governmental agencies and, as such, management considers the risk with their collection minimal. The cash and cash equivalents are invested in short-term investment certificates for periods less than 90 days and the other receivables are due in less than 90 days.

### *Liquidity Risk*

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash in order to meet its liquidity requirements and to develop budgets to forecast cash requirements in advance of their requirements. The Company currently does not have a source of operating cash flow and must raise funds for its exploration and evaluation programs and for general working capital. There are risks associated with raising the funds required, and there can be no assurances that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. The Company's loans payable were settled with common shares during the year and the Company's trade and other payables are generally due within 90 days, with all amounts due within twelve months.

### *Interest Rate Risk*

Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents which represent excess cash invested in short-term investments and these accrue interest at variable market rates. The Company monitors these investments with its need for cash flow and is satisfied with the return on these investments, given the timing of the need for cash in the Company. The effect of interest rate changes on the Company is insignificant.

**MONTERO MINING AND EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars – unaudited)**

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*Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada, Chile and Tanzania and portions of its expenditures are incurred in US dollars, Chilean Peso and Tanzanian Shillings. The Company's presentation currency is the Canadian dollar, the Tanzanian subsidiaries' functional currency is the United States dollar and the Chilean, South African and Namibian subsidiaries' functional currency is the Canadian dollar. At December 31, 2020 and 2019, the value of financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate is not significant.

*Commodity Price Risk*

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.