BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023
(Unaudited)

(Expressed in Canadian Dollars)

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Canadian Dollars)
As at

Reported in CAD

	Note		September 30, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		$	**889,919**	$	4,254,172
Receivables	4		**3,772,201**		3,178,208
Prepaids			**249,165**		227,321
Total current assets			**4,911,285**		7,659,701
Non-current assets					
Property, plant and equipment	5		**52,395,698**		53,088,950
Intangible assets			**158,080**		159,766
Exploration and evaluation assets	6		**51,672,154**		46,654,978
Total non-current assets			**104,225,932**		99,903,694
TOTAL ASSETS		$	**109,137,217**	$	107,563,395
LIABILITIES					
Current liabilities					
Trade and other payables		$	**6,423,627**	$	3,120,668
Income taxes payable			**2,612,128**		2,924,326
Current portion of lease liability			**317,822**		284,526
Current portion of loans and borrowings	11		**730,854**		628,185
Bridge loan and promissory note	9		**10,049,754**		2,073,146
Current portion of deferred payments on acquisition	8		**1,337,581**		1,846,486
Deferred revenue			**455,892**		313,407
VAT liability	7		**3,535,565**		3,100,404
Total current liabilities			**25,463,223**		14,291,148
Non-current liabilities					
Lease liability			**1,106,074**		1,351,056
Deferred payments on acquisition	8		**3,639,178**		4,053,305
Loans and borrowings	11		**2,101,040**		2,411,173
Convertible debenture	12		**10,170,382**		10,049,611
Asset retirement obligation	10		**10,541,016**		10,918,524
Total non-current liabilities			**27,557,690**		28,783,669
TOTAL LIABILITIES			**53,020,913**		43,074,817
EQUITY					
Share capital	13		**61,904,780**		60,952,703
Contributed surplus	12, 13		**25,640,046**		24,195,021
Accumulated other comprehensive loss			**(2,926,257)**		(639,050)
Deficit			**(28,502,265)**		(20,020,096)
TOTAL EQUITY			**56,116,304**		64,488,578
TOTAL LIABILITIES AND EQUITY		$	**109,137,217**	$	107,563,395

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

Nature of operations and going concern	1
Subsequent events	9, 12 and 18

Approved on behalf of the Board:

/s/ Lazaros Nikeas   */s/ Stephen Dunmead*

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, Expressed in Canadian Dollars)

	Note	For the three months ended September 30, 2023	'Restated - Note 3 For the three months ended September 30, 2022	For the nine months ended September 30, 2023	Restated - Note 3 For the nine months ended September 30, 2022
REVENUE					
Sales	14	**$ 4,680,579**	$ 2,991,966	**$ 9,981,312**	$ 9,093,752
EXPENSES					
Cost of sales		**266,712**	354,093	**846,335**	958,676
Depreciation of equipment	5	**759,352**	756,079	**2,156,396**	2,216,544
Impairment of exploration and evaluation assets	6	**1,255,439**	9,916	**1,265,432**	43,007
Management fees		**451,903**	220,630	**1,314,025**	765,755
Operating and maintenance		**1,363,905**	1,076,619	**3,471,302**	3,094,800
Professional fees		**225,153**	245,378	**1,130,869**	994,692
Restricted stock units expense	13	**273,618**	425,636	**962,969**	1,763,975
Performance stock units expense	13	**35,205**	-	**70,410**	-
General and administration		**980,594**	1,064,129	**3,245,684**	3,694,949
Stock based compensation	13	**129,502**	337,470	**556,190**	1,184,949
Loss from operations		**(1,060,804)**	(1,497,984)	**(5,038,300)**	(5,623,595)
Finance costs	8-12	**(801,836)**	(405,986)	**(2,263,534)**	(1,153,193)
Foreign exchange loss		**(995,694)**	(1,056,772)	**(1,570,303)**	(810,338)
Gain on disposal of property and equipment	5	-	-	-	5,072,111
Other income		**303,590**	11,756	**389,968**	262,058
Loss before taxes		**$ (2,554,744)**	$ (2,948,986)	**$ (8,482,169)**	$ (2,252,957)
Income tax recovery		-	2,772,082	-	1,334,323
Loss for the period		**(2,554,744)**	(176,904)	**(8,482,169)**	(918,634)
Currency translation adjustment		**(2,601,721)**	2,632,177	**(2,287,207)**	535,330
Comprehensive (loss) income for the period attributable to common shareholders		**$ (5,156,465)**	$ 2,455,273	**$ (10,769,376)**	$ (383,304)
Loss per share					
Basic and diluted loss per ordinary share		**$ (0.014)**	$ (0.001)	**$ (0.048)**	$ (0.005)
Basic and diluted weighted average number of ordinary shares outstanding		**177,650,860**	171,705,612	**174,946,953**	171,430,887

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, Expressed in Canadian Dollars, except where indicated)

	# of shares issued	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		$	$		$	$
Balance at December 31, 2021	**170,872,279**	**60,952,703**	**19,224,651**	**(3,864,284)**	**(16,523,929)**	**59,789,141**
Convertible debenture - equity (Note 12)	-	-	2,553,537	-	-	2,553,537
Convertible debenture issuance costs	-	-	(25,096)	-	-	(25,096)
Share-based payments (Note 13)	833,333	-	2,948,924	-	-	2,948,924
Loss for the year (Note 3)	-	-	-	-	(918,634)	(918,634)
Currency translation adjustment	-	-	-	535,330	-	535,330
Balance as at September 30, 2022	**171,705,612**	**60,952,703**	**24,702,016**	**(3,328,954)**	**(17,442,563)**	**64,883,202**
Balance at December 31, 2022	**171,705,612**	**60,952,703**	**24,195,021**	**(639,050)**	**(20,020,096)**	**64,488,578**
Performace share units (Note 13)	-	-	70,410	-	-	70,410
Restricted share units (Note 13)	745,832	122,041	840,928	-	-	962,969
Stock options (Note 13)	-	-	556,190	-	-	556,190
Convertible debenture interests payments (Note 12)	5,217,186	830,036	(22,502)	-	-	807,533
Loss for the period	-	-	-	-	(8,482,169)	(8,482,169)
Currency translation adjustment	-	-	-	(2,287,207)	-	(2,287,207)
Balance at September 30, 2023	**177,668,630**	**61,904,780**	**25,640,046**	**(2,926,257)**	**(28,502,265)**	**56,116,304**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, Expressed in Canadian Dollars)

	For the nine months ended September 30, 2023	Restated - Note 3 For the nine months ended September 30, 2022
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the period	$ **(8,482,169)**	$ (918,634)
Items not affecting cash:		
Accretion	**1,927,099**	195,344
Depreciation	**2,156,396**	2,216,544
Impairment of exploration and evaluation assets	**1,265,432**	43,007
Restricted stock units expense	**962,969**	1,763,975
Stock based compensation	**556,190**	1,184,949
Performance share units expense	**70,410**	-
Recognition of flow-through premium	-	(214,541)
Debt modification gain	**(282,708)**	-
Gain on disposal of capital assets	-	(5,072,111)
Unrealized foreign exchange	**1,570,303**	810,338
Changes in non-cash working capital items:		
Inventory	**177,636**	-
Receivables	**(520,075)**	967,283
Prepaid expenses	**(24,475)**	(147,678)
VAT	**(95,029)**	-
Trade and other payables	**1,533,870**	482,487
Income taxes payable	**(293,973)**	(1,452,659)
Deferred revenue	**135,675**	(16,122)
Other current assets	**(201,583)**	-
Other non-current liabilities	**(943,209)**	-
Net cash used in continuing operating activities	**(487,241)**	(157,818)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets - Punitaqui	**(7,042,227)**	(11,204,117)
Exploration and evaluation assets - other	**(424,325)**	(1,143,032)
Acquisition of property, plant and equipment - Punitaqui	**(200,105)**	-
Other acquisition of property, plant and equipment	**(3,147,516)**	(2,792,158)
Purchase of intangible assets	**(42,457)**	345
Proceeds from disposal of capital assets	-	8,439,818
Changes in non-cash working capital items:		
Receivables	-	2,568
Trade and other payables	**943,270**	(22,985)
Net cash used in investing activities	**(9,913,360)**	(6,719,561)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Convertible debenture issuance costs	-	(25,096)
Proceeds from loans and borrowings	**275,532**	-
Proceeds from bridge loan	**7,610,059**	-
Repayment of long term debt	**(684,125)**	(4,527,797)
Proceeds from issuance of convertible debenture	-	10,375,459
Payments on MAP acquisition	-	(1,280,224)
Net cash provided by financing activities	**7,201,466**	4,542,342
Effects of exchange rate changes on cash and cash equivalents	**(165,118)**	1,085,465
Change in cash during the period	**(3,364,253)**	(1,249,572)
Cash, beginning of the period	**4,254,172**	2,629,995
Cash, end of the period	$ **889,919**	$ 1,380,423
Supplementary cash flow information:		
Interest paid	**(225,573)**	(475,362)
Interest received	**107,189**	47,517
Income taxes paid	**(213,845)**	(118,336)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Battery Mineral Resources Corp. (the "Company" or "BMR") was incorporated on November 26, 2019, under the laws of British Columbia, Canada. The Company's registered office is at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3. On February 12, 2021, the Company completed a reverse takeover transaction ("RTO") with Fusion Gold Ltd. ("Fusion"), a TSX Venture Exchange ("TSXV") listed company, to execute a share exchange that resulted in the Company's shareholders taking over Fusion (the "Transaction"). On closing of the Transaction, Fusion changed its name to "Battery Mineral Resources Corp.". Trading of the Company's common shares on the TSXV under ticker "BMR" commenced on February 22, 2021.

The Company holds resource interests including copper, cobalt, lithium, and graphite properties. On the basis of information obtained to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as exploration and evaluation properties represent net costs to date, less amounts recovered or written off, and do not necessarily represent present or future values.

The Company's principal business activities include the resumption of operations and production of copper concentrates in 2024 at the Punitaqui Mining Complex (also referred to as "Punitaqui"), located in Chile, and the acquisition and exploration of mineral exploration and evaluation assets in Canada, the United States, and South Korea. T

On September 9, 2020, the Company completed the acquisition of an 89.2% ownership interest in ESI Energy Services Inc. ("ESI"), a company in the business of selling and leasing backfill separation machines ("Padding Machines") to mainline pipeline contractors, renewables and utility construction contractors, as well as oilfield pipeline and construction contractors. On May 28, 2021, the Company acquired 100% of ESI common shares by completing a go private transaction; as a result, the Company currently has a 100% ownership interest in ESI.

On September 30, 2023, the Company had a working capital deficiency of $20,551,938 (December 31, 2022 – $6,631,447). For the nine months ended September 30, 2023, the Company recorded a net loss of $8,482,169 (September 30, 2022 – loss of $918,634. For the nine months ended September 30, 2023, the Company recorded net cash used in operating activities of $487,241 (September 30, 2022 – $157,818).

The Company currently has cash flow from ESI, though the sources of operating cash flow are not sufficient to fund the Company's continued exploration and development efforts and the Company's primary sources of capital resources are comprised of cash and cash equivalents. The Company will continuously monitor its capital structure and based on changes in operations and economic conditions, may adjust the structure by issuing new shares or new debt, as necessary. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration of the Company's properties and the possible loss of title to such properties. Significant reliance is placed on Weston Energy II LLC, one of the Company's significant shareholders, for providing ongoing financing to the Company. Failure of Weston Energy II LLC to provide or participate in financing, or the inability of Weston Energy II LLC to provide or participate in financing, would likely result in difficulty for the Company to attract separate third-party investment. If the Company is able to continue to advance Punitaqui, management expects that it may be able to access additional sources of capital, in addition to those described herein, to fund the development of Punitaqui. Such sources of capital may include, among others, a concentrate offtake prepayment financing, a private debt financing, an offering of convertible debentures, an offering of common shares, or a financing by way of a sale of a royalty interest over the potential future production from Punitaqui. Should any such sources of capital be obtained by the Company, the Company's capital structure, credit risk profile, cash flow profile, as well as the average cost of capital for the Company may change materially.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd…)

The above factors, together with the potential for additional unforeseen issues and delays in the realization of the potential benefits from the Company's capital projects, such as the Punitaqui Mining Complex, give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration and development programs will result in profitable mining operations. The Company does not currently generate sufficient revenue to fund it's planned exploration and development activities and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful, and these condensed interim consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

These Financial Statements were authorized for issue by the Board of Directors on November 27, 2023.

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value through profit and loss ("FVTPL"). In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, unless otherwise noted, which is the functional currency of the parent.

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of North American Cobalt Inc. (Canada) and ESI Energy Services Inc. is the Canadian dollar. The functional currency of North American Cobalt Inc. (USA), Battery Mineral Resources (Nevada), Inc. and Ozzies Inc. is the US dollar. The functional currency of Minera BMR SpA is the Chilean peso. The functional currency of Opirus Minerals Group Pty Ltd. and Energy Services (Australia) Pty Ltd. is the Australian dollar. The functional currency of Battery Mineral Resources Korea is the South Korean won. The presentation currency of the Company is the Canadian dollar.

Basis of consolidation

These condensed interim consolidated financial statements of the Company include the following wholly owned subsidiaries as follows:

Name of Subsidiaries	Principal Activity	Country of Incorporation
BMR Holdings Limited (formerly Battery Mineral Resources Corp.)	Intermediate Holding Company	Canada
North American Cobalt Inc. (formerly Battery Mineral Resources Limited)	Resource Exploration	Canada
North American Cobalt Inc.	Resource Exploration	USA
Battery Mineral Resources (Nevada), Inc.	Resource Exploration	USA
Opirus Minerals Group Pty Ltd.	Intermediate Holding Company	Australia
Battery Mineral Resources Korea (formerly Won Kwang Mines Inc.)	Resource Exploration	South Korea
ESI Energy Services Inc.	Oil and Gas Service Company	Canada
Ozzies, Inc. (formerly ESI Pipeline Services, Inc.)	Oil and Gas Service Company	USA
Energy Services (Australia) Pty Ltd.	Oil and Gas Service Company	Australia
Minera BMR SpA	Resource Exploration	Chile

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances have been eliminated upon consolidation. Assets, liabilities, income, and expenses of entities subject to consolidation are recorded from the date of acquisition to the date of disposal.

Critical estimates, judgements and assessments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Areas of judgment that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2022.

Summary of accounting policies

The accounting policies, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the annual financial statements for the year ended December 31, 2022, except for the policy described below:

Performance Share Units (PSUs)
PSUs may be granted to directors, officers, and employees of the Company and are measured at the market value of common shares of the Company on the date of the grant. The fair value of the estimated number of PSUs that are expected to vest is recognized as share-based compensation expense over the vesting period of the PSUs with a corresponding amount recorded as contributed surplus until the respective shares are issued in settlement of the PSUs.

New accounting standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

(Unaudited, Expressed in Canadian Dollars)

3. PRIOR PERIOD RESTATEMENT

The Company identified that there was an error in the accounting for the convertible debentures in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2022. As a result, the Company has restated its Consolidated Statement of Loss and Comprehensive Loss, and Consolidated Statement of Cash Flows for the comparative periods of the three and nine months ended September 30, 2022. The restatement was due to the change in the discount rate to a market rate and the increase in finance costs due to accretion expenses. The tables below include a reconciliation of the items affected by the restatement.

i. Reconciliation of the Consolidated Statement of Loss and Comprehensive Loss:

	For the three months ended September 30, 2022		
	Previously reported	Restatement adjustment	Restated
Loss from operations	**(1,497,984)**	-	**(1,497,984)**
Finance costs	(314,147)	(91,839)	(405,986)
Loss before taxes	**(2,857,147)**	**(91,839)**	**(2,948,986)**
Income tax recovery	2,772,082	-	2,772,082
Loss for the period	**(85,065)**	**(91,839)**	**(176,904)**
Cumulative translation adjustment	2,632,177	-	2,632,177
Comprehensive income (loss) for the period attributable to common shareholders	**2,547,112**	**(91,839)**	**2,455,273**

	For the nine months ended September 30, 2022		
	Previously reported	Restatement adjustment	Restated
Loss from operations	**(5,623,595)**	-	**(5,623,595)**
Finance costs	(957,849)	(195,344)	(1,153,193)
Loss before taxes	**(2,057,613)**	**(195,344)**	**(2,252,957)**
Income tax recovery	1,334,323	-	1,334,323
Loss for the period	**(723,290)**	**(195,344)**	**(918,634)**
Cumulative translation adjustment	535,330	-	535,330
Comprehensive loss for the period attributable to common shareholders	**(187,960)**	**(195,344)**	**(383,304)**

ii. Reconciliation of the Consolidated Statement of Cash Flows:

	As at September 30, 2022		
	Previously reported	Restatement adjustment	Restated
CASH FLOWS FROM (TO) OPERATING ACTIVITIES			
Loss for the period	(723,290)	(195,344)	(918,634)
Items not affecting cash:			
Accretion	-	195,344	195,344
Net cash used in operating activities	**(157,818)**	**-**	**(157,818)**

(Unaudited, Expressed in Canadian Dollars)

4. RECEIVABLES

	30-Sep-23	31-Dec-22
Accounts receivable	$ 2,972,714	$ 1,586,293
Finance lease receivable	182,817	1,123,597
Sales or value added tax receivables	616,670	468,318
Total	$ 3,772,201	$ 3,178,208

5. PROPERTY PLANT AND EQUIPMENT

	Land and Buildings	Plant and Mining equipment	Padding equipment	Spare parts	Motor vehicles	Computer equipment	Office equipment	Right-of-use assets	Total
Cost									
At December 31, 2021	$ 12,960,391	$ 14,400,302	$ 35,601,475	$ 2,306,123	$ 13,465	$ 50,796	$ 25,803	$ -	$ 65,358,355
Additions	6,121	2,147,856	1,514,914	572,874	5,810	70,910	-	542,414	4,860,899
Additions - Asset retirement obligation	-	9,702,357	-	-	-	-	-	-	9,702,357
Disposals	(4,174,713)	(85,208)	(1,264,215)	-	-	(19,059)	-	-	(5,543,195)
Foreign currency translation adjustment	614,863	1,968,296	2,073,349	136,317	272	5,822	5,043	-	4,803,962
At December 31, 2022	**$ 9,406,662**	**$ 28,133,603**	**$ 37,925,523**	**$ 3,015,314**	**$ 19,547**	**$ 108,469**	**$ 30,846**	**$ 542,414**	**$ 79,182,378**
Additions	1,723	89,324	2,905,726	27,025	-	234,917	-	-	3,258,715
Disposals	-	-	(737,989)	(56,538)	-	-	-	(793)	(795,320)
Re - classification	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustment	(329,152)	(1,159,463)	(62,597)	(88,910)	(1,353)	(25,213)	(5,837)	-	(1,672,525)
At September 30, 2023	**$ 9,079,233**	**$ 27,063,464**	**$ 40,030,663**	**$ 2,896,891**	**$ 18,194**	**$ 318,173**	**$ 25,009**	**$ 541,621**	**$ 79,973,248**
Accumulated depreciation									
At December 31, 2021	$ (2,759,930)	$ (27,700)	$ (21,954,393)	$ -	$ (9,498)	$ (23,997)	$ (18,983)	$ -	$ (24,794,501)
Depreciation	(123,129)	(26,185)	(2,772,747)	-	(7,787)	(15,347)	(7,426)	(144,799)	(3,097,420)
Disposals	1,941,335	53,885	1,142,760	-	-	39,344	-	-	3,177,324
Foreign currency translation adjustment	(66,642)	-	(1,308,161)	-	-	(4,028)	-	-	(1,378,831)
At December 31, 2022	**$ (1,008,366)**	**$ -**	**$ (24,892,541)**	**$ -**	**$ (17,285)**	**$ (4,028)**	**$ (26,409)**	**$ (144,799)**	**$ (26,093,428)**
Depreciation	(63,409)	776	(1,984,016)	-	-	(6,174)	-	(65,304)	(2,118,127)
Disposals	-	-	592,944	-	-	-	-	-	592,944
Re - classification	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustment	1,045	(43)	36,867	-	247	608	2,337	-	41,061
At September 30, 2023	**$ (1,070,730)**	**$ 733**	**$ (26,246,746)**	**$ -**	**$ (17,038)**	**$ (9,594)**	**$ (24,072)**	**$ (210,103)**	**$ (27,577,550)**
Carrying amounts									
At December 31, 2022	$ 8,398,296	$ 28,133,603	$ 13,032,982	$ 3,015,314	$ 2,262	$ 104,441	$ 4,437	$ 397,615	$ 53,088,950
At September 30, 2023	**$ 8,008,503**	**$ 27,064,197**	**$ 13,783,917**	**$ 2,896,891**	**$ 1,156**	**$ 308,579**	**$ 937**	**$ 331,518**	**$ 52,395,698**

There were no assets disposals during the nine months ended September 30, 2023. During the twelve months ended December 31, 2022, the Company disposed plant and mining equipment, computer equipment, 3 pieces of padding equipment, and land and building located in Phoenix, AZ for combined proceeds of $8,494,300 resulting in a $4,834,165 gain.

As at September 30, 2023, included in padding equipment were assets under construction with a cost of $1,388,366 (December 31, 2022 - $897,649). No depreciation was recorded for assets under construction.

As at September 30, 2023, certain property, plant and equipment in the amount of $16,452,722 (December 31, 2022 - $15,379,874) is related to the development of the Punitaqui Mining Complex and has not been put into use and therefore depreciation has not commenced on these assets.

(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following table represents expenditures incurred on the exploration and evaluation assets for the nine months ended September 30, 2023 and for the year ended December 31, 2022:

	Canadian Cobalt Projects	U.S. Cobalt Projects	U.S. Lithium Projects	South Korea Graphite Projects	Chile Copper Punitaqui Project	Total
	$	$	$	$	$	$
Balance as December 31, 2021	**21,870,114**	**1,591,003**	**382,870**	**1,933,932**	**5,323,560**	**31,101,479**
Additions during the year	951,370	157,515	5,348	171,508	13,822,505	15,108,246
Impairment	(840,642)	-	-	-	-	(840,642)
Currency translation adjustment	-	39,576	7,597	27,359	1,211,363	1,285,895
Balance as December 31, 2022	**21,980,842**	**1,788,094**	**395,815**	**2,132,799**	**20,357,428**	**46,654,978**
Additions during the period	178,458	86,117	6,163	153,200	7,353,924	7,777,862
Impairment	(20,468)	(1,244,964)	-		-	(1,265,432)
Currency translation adjustment	-	(2,580)	(653)	(151,524)	(1,340,497)	(1,495,254)
Balance as September 30, 2023	**22,138,832**	**626,667**	**401,325**	**2,134,475**	**26,370,855**	**51,672,154**

Chile Copper Project

Punitaqui Mining Complex, Chile

The Company holds the rights to 100% equity interest in the Punitaqui Mining Complex in the Coquimbo region of Chile.

Punitaqui includes a centralized process plant. The Company is currently modifying its existing tailings disposal permit while consolidating its various exploitation permits. Punitaqui is a past-producing mining operation which consists of an integrated copper and silver mining complex including all required infrastructure and sources of water and power.

The copper-silver process plant that is classified as property, plant and equipment consists of a standard copper sulphide crush-grind-flotation circuit to produce a marketable copper-silver concentrate.

Impairment of the East Fork mining claims in Idaho, part of the U.S. Cobalt Projects

On August 31, 2023, the Company elected not to renew its East Fork mining claims located in the town of Salmon in the State of Idaho, USA. As a result, the Company recorded an impairment loss of $1,244,964. The impairment loss was recognized in the net loss for the three and nine months ended September 30, 2023.

7. VAT LIABILITY

Following the acquisition of the Punitaqui Mining Complex, the Company filed an application with, and received approval from, the Chilean Ministry of Economy, Development and Tourism (the "Ministry of Economy") to participate in a VAT-recovery program set in place by the Chilean government to incentivize Chilean exports (the "VAT Program"). The VAT Program allows the Company to recover the VAT paid on goods and services purchased by the Company, in advance of achieving agreed-upon amounts of to-be-exported mineral concentrates. As of September 30, 2023, the Company recovered $3,535,565 under the VAT Program.

As part of the VAT Program, the Company issued, to the Chilean Treasury Department, promissory notes for the same amount of the VAT Recovered. The Promissory Notes guarantee the VAT Recovered in case the Company is not able to demonstrate to the Ministry of Economy that it has exported mineral concentrates having a minimum value of USD$35.1 million (the "Export Value"), by December 31, 2023. The Company does not estimate it will be able to achieve the Export Value by December 31, 2023. However, in October 2023, the Company filed a request with the Ministry of Economy (the "Request") to extend the deadline to demonstrate the Export Value. Whereas management expects to obtain approval to the Request in the following months, it has decided to record a liability for the VAT Recovered to be repaid, until the Ministry of Economy approves the Request.

(Unaudited, Expressed in Canadian Dollars)

8. DEFERRED PAYMENTS ON ACQUISITION

		30-Sep-23		31-Dec-22
Deferred payment at beginning of the period	$	**5,899,791**	$	6,997,500
Payments during the period		**(966,939)**		(2,204,418)
Accretion expense		**470,872**		703,316
Currency translation adjustment, net of foreign currency impact		**(144,257)**		403,393
Modification gain		**(282,708)**		-
Deferred payments at end of the period	$	**4,976,759**	$	5,899,791
Current		**(1,337,581)**		(1,846,486)
Long term		**3,639,178**		4,053,305

On September 28, 2023, the Company amended the timing of the deferred payments on the acquisition of Punitaqui by postponing the quarterly payments due on September 30, 2023 and December 31, 2023 to March 31, 2027 and June 30, 2027, respectively. The Company recalculated the present value of the amended deferred payments schedule using a discount rate of 11% and recorded a reduction to the deferred payments liability with a credit to gain on debt modification. The modification gain was recognized as other income on the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss for the three and nine months ended September 30, 2023.

The undiscounted payments remaining as at September 30, 2023 was $6,242,045 (December 31, 2022 - $7,391,420), while the discounted deferred payments remaining as at September 30, 2023 was $4,976,759 (December 31, 2022 - $5,899,791). This liability was discounted at a rate of 11%.

9. BRIDGE LOAN AND PROMISSORY NOTE

i. Bridge Loan

Bridge Loan		30-Sep-23		31-Dec-22
Principal amount	$	**7,165,600**	$	2,055,550
Interest accrued		**334,204**		17,596
Total	$	**7,499,804**	$	2,073,146

A financing and security agreement (the "Loan Agreement") was executed on October 20, 2022, between Weston Energy LLC (a related party), Battery Mineral Resources Corp. (the "Borrower"), and Ozzie's, Inc. (the "Guarantor", and together with the Borrower, each an "Obligor" and together the "Obligors"). By means of this Loan Agreement, Weston Energy LLC agreed to advance to the Company one or more loans (the "Loans"), from time to time prior to the maturity date, in an aggregate principal amount not to exceed USD$4,000,000.

The outstanding principal balance of the Loans shall bear interest at the rate of (i) six percent (6%) per annum for the first sixty (60) days following the closing date and (ii) eight percent (8%) per annum at all times thereafter until repayment in full of all amounts payable hereunder. After the occurrence and during the continuance of any event of default hereunder, the loans shall bear interest at the rate described above plus an additional two percent (2%). The Company may prepay all or any part of the outstanding principal amount of each loan at any time without notice or penalty provided that such prepayment is accompanied by all accrued and unpaid interest on the principal amount prepaid; provided, however, that once repaid, no amounts borrowed hereunder may be reborrowed. The Loan Agreement was first amended on February 17, 2023 and the due date of the principal amount together with all accrued and unpaid interest was extended to April 18, 2023. On April 17, 2023, the Loan Agreement was further amended to extend its maturity date to June 17, 2023. The Loan Agreement was then amended on June 6, 2023, to increase the facility size from USD$4,000,000 to USD$5,300,000 and extend the maturity date to September 15, 2023. On September 5, 2023, the Loan Agreement was further amended to extend the maturity date to November 15, 2023. All other terms remained unchanged.

(Unaudited, Expressed in Canadian Dollars)

9. BRIDGE LOAN AND PROMISSORY NOTE (cont'd…)

On October 17, 2023, the Company announced a private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "New Debentures") for total gross proceeds of up to USD $6,000,000. Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately USD$15,400,000 in New Debentures to the holders of existing indebtedness, which includes the Bridge Loan, the Promissory Note, and the existing Convertible Debentures, as part of a comprehensive debt consolidation to simplify the Company's capital structure and extend the Company's near-term debt maturities.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,370,000. Concurrently, the Company also issued USD$15,408,039 in New Debentures to holders of existing indebtedness, including Weston Energy LLC, to complete the comprehensive debt consolidation announced on October 17, 2023. See Note 18, Subsequent Events, for additional details of the Private Placement.

ii. Promissory Note

Promissory Note		30-Sep-23		31-Dec-22
Principal amount	$	2,507,960	$	-
Interest accrued		41,990		-
Total	$	2,549,950	$	-

On June 22, 2023, the Company entered into a debt financing arrangement with Weston Energy II LLC for maximum aggregate proceeds of USD$2,000,000. In connection with this debt financing agreement, the Company issued a promissory note (the "Promissory Note") to Weston Energy II LLC. The Promissory note bears interest at a rate of eight percent (8%) per annum, with interest payable at maturity. The Promissory Note was set to mature on September 15, 2023, but the maturity date was extended to November 15, 2023, on September 5, 2023. As of September 30, 2023, the Company had drawn USD$1,855,000 under the promissory note.

On October 17, 2023, the Company announced a private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "New Debentures") for total gross proceeds of up to USD $6,000,000. Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately USD$15,400,000 in New Debentures to the holders of existing indebtedness, which includes the Bridge Loan, the Promissory Note, and the existing Convertible Debentures, as part of a comprehensive debt consolidation to simplify the Company's capital structure and extend the Company's near-term debt maturities.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,370,000. Concurrently, the Company also issued USD$15,408,039 in New Debentures to holders of existing indebtedness, including Weston Energy II LLC, to complete the comprehensive debt consolidation announced on October 17, 2023. See Note 18, Subsequent Events, for additional details of the Private Placement.

10. ASSET RETIREMENT OBLIGATION

		30-Sep-23		31-Dec-22
Balance at the beginning of the period	$	**10,918,524**	$	9,640,033
Changes in estimates		**(419,546)**		62,324
Accretion expense		**171,448**		49,676
Foreign currency translation adjustment		**357,559**		230,088
Currency translation adjustment		**(486,969)**		936,403
Balance as September 30, 2023	$	**10,541,016**	$	10,918,524

On October 4, 2022, the Chilean mining authorities approved the transfer of the Punitaqui operational mining permits, which triggered the Company to recognize the asset retirement obligation arising from mining equipment and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which are site specific, generally include costs for decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area and post-closure site security and monitoring costs. The Company regularly reviews the estimate and considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs.

The estimated undiscounted cash flows required to satisfy the reclamation and closure cost obligation as at September 30, 2023, were $13,663,630 (December 31, 2022 – $13,704,012). The undiscounted cash flows were discounted using the ten-year Government of Chile Benchmark Bond rate of 2.40% for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of $10,541,016 (December 31, 2022 - $10,918,524). The foreign currency translation adjustment from UF to Chilean pesos for the nine months ended September 30, 2023 was $357,559 (nine months ended September 30, 2022: $nil), while the cumulative translation adjustment from Chilean pesos to the Company's functional currency (Canadian Dollar) for the nine months ended September 30, 2023 was $486,969 (nine months ended September 30, 2022: $nil).

11. LOANS AND BORROWINGS

		30-Sep-23		31-Dec-22
Finance agreements	$	2,831,894	$	3,039,358
Total loans and borrowings		**2,831,894**		**3,039,358**
Less: current portion		730,854		628,185
Long-term portion	$	**2,101,040**	$	**2,411,173**

All finance agreements were undertaken by the Company's subsidiaries ESI Energy Services Inc. and Ozzie's Inc. and include six US dollar denominated loans outstanding as of September 30, 2023, relating to the purchase of three compact track loaders, one vehicle and one excavator that were financed through dealers in 2019 through 2023, and a sixth loan which is a lease agreement secured by Company's equipment. The first five loans have terms ranging from two to five years with varying rates of interest up to 7.62%. The sixth loan is the largest which has a four-year term at an interest rate of 10.48% with monthly rental costs of $51,190.

(Unaudited, Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES

		30-Sep-23		31-Dec-22
Convertible unsecured subordinated debentures				
Balance at the beginning of the period	**$**	**10,049,611**	$	-
Issuance of convertible debentures		-		10,285,526
Equity component		**22,502**		(1,224,439)
Interest payments settled through issuance of shares		**(830,037)**		-
Accretion expense		**928,306**		988,524
Balance as September 30, 2023	**$**	**10,170,382**	$	10,049,611

On June 29, 2023, the Company issued 5,217,186 common shares at prices ranging from $0.14 to $0.19 per share to settle the first-year interest payment of $830,037.

On October 17, 2023, the Company announced a private placement offering (the “Private Placement”) of senior unsecured convertible debentures (the “New Debentures”) for total gross proceeds of up to USD $6,000,000. Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately USD$15,400,000 in New Debentures to the holders of existing indebtedness, which includes the Bridge Loan, the Promissory Note, and the existing Convertible Debentures, as part of a comprehensive debt consolidation to simplify the Company’s capital structure and extend the Company’s near-term debt maturities.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,370,000. Concurrently, the Company also issued USD$15,408,039 in New Debentures to holders of existing indebtedness, including holders of the existing Convertible Debentures, to complete the comprehensive debt consolidation announced on October 17, 2023. See Note 18, Subsequent Events, for additional details of the Private Placement.

(Unaudited, Expressed in Canadian Dollars)

13. SHARE CAPITAL

a) Authorized share capital

The Company has authorized share capital of unlimited common shares without par value.

b) Share issuances

During the nine months ended September 30, 2023, the Company:

i. Issued 745,832 common shares that were exercised, related to the restricted stock units.

ii. Issued 5,217,186 common shares to fulfill the interest payment obligation related the convertible debentures outstanding (Note 12)

During the year ended December 31, 2022, the Company:

i. Issued 833,333 common shares that were exercised, related to the restricted stock units.

c) Restricted stock units ("RSUs")

The Company adopted the RSU plan to allow the Board of Directors to grant the Company's officers, directors, and consultants non-transferable share units based on the fair value of the units at the date of grant. The awards vest over a one or three-year period and expire after eight years. The total RSU expense for the nine months ended September 30, 2023 was $962,969 (nine months ended September 30, 2022: $1,763,975).

Movements in the number of RSUs outstanding are as follows:

	RSU
Outstanding at December 31, 2021	6,250,000
Granted	2,280,832
Excercised	(833,333)
Outstanding at December 31, 2022	7,697,499
Granted	100,000
Excercised	(745,832)
Outstanding at September 30, 2023	7,051,667

d) Stock options

The Company has an equity settled common share purchase plan (the "Stock Option Plan") under which the Board of Directors may grant options to purchase common shares to directors, officers, employees and independent contractors of the Company and/or its affiliates (collectively, the "Service Providers"). The maximum aggregate number of common shares under option at any time pursuant to the Stock Option Plan was 10% of the issued and outstanding common shares at the time of the grant.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

(Unaudited, Expressed in Canadian Dollars)

13. SHARE CAPITAL (cont'd…)

	Options	Weighted average excercise price
Outstanding at December 31, 2021	6,262,500	0.84
Granted	3,120,832	0.65
Outstanding at December 31, 2022	9,383,332	0.78
Granted	350,000	0.43
Expired	(12,500)	-
Outstanding at September 30, 2023	9,720,832	0.77

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of comparable companies over a term equal to the expected term of the option granted. Total stock-based compensation expense for the nine months ended September 30, 2023, was $556,190 (nine months ended September 30, 2022: $1,184,949).

During the nine-month period ended September 30, 2023, the Company granted 350,000 stock options at a weighted average exercise price of $0.43. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the nine-month period ended September 30, 2023, were as follows:

Risk-free rate:	2.90%
Expected life:	8 years (350,000)
Expected volatility:	76.56 % based on comparable companies
Expected dividends:	Nil
Weighted average fair value per option:	$0.13
Forfeiture rate:	0%

During the year ended December 31, 2022, the Company granted 3,120,832 stock options at a weighted average exercise price of $0.65 to directors, officers, employees, and Service Providers. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the year ended December 31, 2022 were as follows:

Risk-free rate:	3.23%
Expected life:	8 years (2,920,832)/ 1 year (200,000)
Expected volatility:	77.84 % based on comparable companies
Expected dividends:	Nil
Weighted average fair value per option:	$0.37
Forfeiture rate:	0%

(Unaudited, Expressed in Canadian Dollars)

13. SHARE CAPITAL (cont'd…)

As of September 30, 2023, the Company had outstanding and exercisable stock options as follows:

	Options outstanding				Options exercisable		
Price	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average excerise price	Weighted-average Fair Value	Number excerisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
$0.85	5,000,000	5.51	0.85	0.41	3,333,333	5.51	0.85
$0.85	1,000,000	5.76	0.85	0.65	666,667	5.76	0.85
$0.75	250,000	3.09	0.75	0.25	250,000	3.09	0.75
$0.65	270,832	6.26	0.65	0.29	270,832	6.26	0.65
$0.65	75,000	6.26	0.65	0.29	25,000	6.26	0.65
$0.65	200,000	-	0.65	0.04	200,000	-	0.65
$0.65	1,475,000	6.44	0.65	0.24	491,667	6.44	0.65
$0.65	1,100,000	6.58	0.65	0.24	366,667	6.58	0.65
$0.43	350,000	7.13	0.43	0.13	-	-	0.43
	9,720,832	5.71	0.77	0.36	5,604,165	5.43	0.80

e) Performance share units ("PSUs")

The Company adopted the PSU plan to allow the Board of Directors to grant the Company's management personnel, officers and directors non-transferrable share units based on the fair value of the Company's common shares on the date of the grant. All the PSUs were granted in 2023 to certain management personnel, officers, and directors of the Company, in connection with the Company's 2022 fiscal year bonus incentive plan. The awards shall be fully vested on any single day that the Company's closing stock price reaches or exceeds $0.50 within the performance cycle between March 30, 2023 and March 30, 2026. The fair value of the PSUs was determined based on the closing price of the Company's common shares on the day of the grant. The total PSU expense for the nine months ended September 30, 2023, was $70,410 (nine months ended September 30, 2022: nil). There were no PSUs vested as of September 30, 2023.

Movements in the number of PSUs outstanding are as follows:

	PSU
Outstanding at January 1, 2023	-
Granted	2,330,000
Outstanding at September 30, 2023	2,330,000

(Unaudited, Expressed in Canadian Dollars)

14. REVENUE

All the Company's revenues for the three and nine months ended September 30, 2023, and the three and nine months ended September 30, 2022, were generated by ESI. ESI's revenue during the three and nine months ended September 30, 2023 and the three and nine months ended September 30, 2022, was comprised of the following:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Machine Rental				
Padding machines				
Large padder	**$ 1,043,706**	$ 532,314	**$ 1,550,385**	$ 2,207,899
Small padder	**1,750,880**	1,084,032	**4,249,598**	3,318,629
Screening buckets	**586,316**	239,145	**878,444**	522,114
Other	**214,213**	71,152	**316,679**	103,480
Rental Revenue	**$ 3,595,115**	$ 1,926,643	**$ 6,995,106**	$ 6,152,122
Mobilization	**273,979**	259,937	**677,769**	602,891
Inventory sales	**288,646**	247,938	**747,918**	594,496
Machine sales	**381,914**	434,635	**1,083,562**	1,306,228
Other services	**140,925**	122,813	**476,957**	438,015
Other Revenue	**$ 1,085,464**	$ 1,065,323	**$ 2,986,206**	$ 2,941,630
Total	**$ 4,680,579**	$ 2,991,966	**$ 9,981,312**	$ 9,093,752

For the nine months ended September 30, 2023, $5,935,560 (nine months ended September 30, 2022: $5,973,298) of revenue was derived from nine (nine months ended September 30, 2022: ten) customers that represented 59% (nine months ended September 30, 2022: 66%) of ESI's revenue for the period. As at September 30, 2023, $1,865,943 (September 30, 2022 - $701,347) from these customers was included in accounts receivable.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair values of financial assets and liabilities are determined based on available market information and valuation methodologies appropriate to each situation. Judgments are required in the interpretation of the market data to produce the most appropriate fair value estimates. The use of different market information and/or evaluation methodologies may have a material effect on the fair value amounts.

The Company's financial instruments consist of cash, receivables, and trade and other payables, deferred payments on acquisition, loans and borrowings, convertible debenture and bridge loan. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The fair value of long-term debt approximates its carrying value as the contractual interest rates are comparable to current market interest rates. The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity, and commodity price.

Currency risk

The Company conducts exploration and evaluation activities in the United States, Canada, South Korea and Chile and is exposed to currency risk due to fluctuations in the exchange rates of foreign currencies. As at September 30, 2023, the Company had foreign currency assets and foreign currency liabilities in United States Dollars ("USD"), Korean Won ("KRW") and Chilean Pesos ("CLP"). On September 30, 2023, the spot exchange rates to convert 1 USD, 1 KRW and 1 CLP to Canadian dollars were 1.3520, 0.001003 and 0.001525 respectively. Each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $2,460,729.

The table below shows the balances denominated in foreign currency:

September 30, 2023	USD $	KRW $	CLP $	Equivalent CAD $
Cash	3,385	3,897,794	171,130,404	269,460
Receivables	-	-	120,188,868	183,288
Prepaids	-	1,383,325	-	1,387
Trade and other payables	3,545	72,240,707	1,420,530,772	2,243,560
Income taxes payable	-	-	-	-
VAT liability	-	-	2,318,403,328	3,535,565
Bridge loan and promissory note	7,433,250	-	-	10,049,754
Deferred payments on acquisition	-	-	3,263,448,623	4,976,759
Lease liability	1,053,177	-	-	1,423,896
Loans and borrowings	2,094,596	-	-	2,831,894
Net exposure	**(10,581,183)**	**(66,959,588)**	**(6,711,063,451)**	**(24,607,292)**

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit exposure related to short term investments when applicable by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Company's cash is held in significant financial institutions and the Company considers this risk to be remote. The Company invests cash with financial institutions that are financially sound based on their credit rating. The Company's receivables primarily include balances receivable from the government of Canada and Chile, which are considered low risk. ESI also has finance lease receivables with exposure to credit risk influenced mainly by the characteristics of its customers, who have historically met their contractual obligations.

(Unaudited, Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Expected Credit Losses

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on its financial assets measured at amortized cost. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

The following tables summarize the loss allowance calculation:

As at September 30, 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.40%	2.20%	13.30%	15.00%	
Gross carrying amount ($)	1,193,135	843,829	193,825	449,360	
Loss allowance ($)	16,704	18,564	25,779	67,404	128,451

As at December 31, 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.10%	2.00%	14.10%	20.40%	
Gross carrying amount ($)	395,457	775,204	81,330	346,219	
Loss allowance ($)	4,350	15,504	11,468	70,629	101,951

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no variable rate interest-bearing outstanding loans. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

Liquidity risk is the exposure of the Company to the risk of being unable to meet its financial obligations as they come due. The Company manages liquidity risk by monitoring, reviewing and adjusting actual and forecasted cash flows to ensure there are available cash resources to meet these needs.

The Company does not currently generate sufficient revenue to fund its planned exploration and development activities and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful.

Contractual cash flow requirements as at September 30, 2023 were as follows:

	year 1 $	year 2 $	year 3 $	year 4 $	> 4 years $	Total $
Loans and borrowings	730,854	805,035	887,076	366,698	42,232	2,831,895
Trade payables	4,492,223	-	-	-	-	4,492,223
Income tax payables	2,612,128	-	-	-	-	2,612,128
Lease liability	317,822	367,645	423,468	314,961	-	1,423,896
Deferred revenue	455,892	-	-	-	-	455,892
Other current liabilities	3,535,565	-	-	-	-	3,535,565
Bridge loan and promissory note	10,049,754	-	-	-	-	10,049,754
Deferred payments on acquisition	1,337,581	1,493,523	1,338,669	806,986	-	4,976,759
Convertible debenture	-	10,170,382	-	-	-	10,170,382
Total	**23,531,819**	**12,836,585**	**2,649,213**	**1,488,645**	**42,232**	**40,548,494**

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper, gold, silver, cobalt, lithium, and graphite. The Company monitors copper, gold, silver, cobalt, lithium, and graphite prices to determine the appropriate course of action to be taken. The Company does not engage in programs to mitigate its exposure to commodity price risk. On September 29, 2023, the spot COMEX copper price was USD$ 3.73/lb.

Capital management

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to continue as a going concern. The Company considers capital to be the short-term and long-term debt, including bridge loan, promissory note, convertible debenture and other loans and borrowings, as well as equity. As at September 30, 2023, the total capital held by the Company is $79,168,335 (December 31, 2022 - $79,650,693). The Board of Directors of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company.

(Unaudited, Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

Operating segments are determined by the way information is reported and used by the Company's Chief Operating Decision Maker ("CODM") to review operating performance. The Company monitors the operating results of its operating segments independently for the purpose of making decisions about resource allocation and performance assessment.

The Company operates in three segments: one segment being the acquisition and exploration of mineral exploration and evaluation assets located in Canada, United States, Chile and South Korea, the second segment being the operations of ESI, located in Canada and United States, and the third segment being the corporate head office located in Canada.

The following table presents geographic information regarding operating segments.

For the period ended December 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	21,980,842	2,183,909	2,132,799	20,357,428	-	**46,654,978**
Property, plant, equipment	14,513,388	-	-	6,700	38,564,090	4,772	**53,088,950**
Total assets	25,119,316	21,977,537	2,183,909	2,158,583	55,280,536	843,514	**107,563,395**
Total liabilities	8,944,215	-	-	3,314	11,652,336	22,474,952	**43,074,817**

For the period ended September 30, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	22,138,832	1,027,992	2,134,475	26,370,855	-	**51,672,154**
Property, plant, equipment	15,104,166	-	-	2,093	37,281,536	7,903	**52,395,698**
Total assets	19,195,167	22,295,986	1,027,992	2,141,930	64,096,653	379,489	**109,137,217**
Total liabilities	9,546,278	-	-	72,457	12,707,326	30,694,852	**53,020,913**

(Unaudited, Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION (cont'd…)

For the nine months ended September 30, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	9,093,752	-	-	-	-	-	9,093,752
Total revenue	**9,093,752**	-	-	-	-	-	**9,093,752**
Depreciation of equipment	(2,203,323)	(13,221)	-	-	-	-	(2,216,544)
Impairment of exploration and evaluation assets	-	(43,007)	-	-	-	-	(43,007)
General and admin expenses	-	-	-	-	-	(1,077,855)	(1,077,855)
Management fees	-	(59,864)	(341,170)	-	-	(364,721)	(765,755)
Professional fees	-	-	(590)	-	-	(994,102)	(994,692)
Restricted stock units expense	-	-	-	-	-	(1,763,975)	(1,763,975)
Stock based compensation	-	-	-	-	-	(1,184,949)	(1,184,949)
Other costs and expenses	(6,254,426)	(4,460)	(755)	(1,935)	-	(408,994)	(6,670,570)
Loss from operations	**636,003**	**(120,552)**	**(342,515)**	**(1,935)**	-	**(5,794,596)**	**(5,623,595)**
Foreign exchange (loss) /gain	(1,227,308)	-	(215,631)	21,036	790,075	(178,510)	(810,338)
Finance costs	(475,362)	-	-	-	-	(677,831)	(1,153,193)
Gain on disposal of property and equipment	5,072,111	-	-	-	-	-	5,072,111
Other income	47,517	-	-	-	-	214,541	262,058
Gain (loss) for the year from continuing operations	**4,052,961**	**(120,552)**	**(558,146)**	**19,101**	**790,075**	**(6,436,396)**	**(2,252,957)**
Current income tax	**1,334,323**	-	-	-	-	-	**1,334,323**
Gain (loss) for the year from continuing operations, after-tax	**5,387,284**	**(120,552)**	**(558,146)**	**19,101**	**790,075**	**(6,436,396)**	**(918,634)**
Cumulative translation adjustment	2,164,517	-	-	-	(1,629,187)	-	535,330
Total net income (loss)	**7,551,801**	**(120,552)**	**(558,146)**	**19,101**	**(839,112)**	**(6,436,396)**	**(383,304)**

Non-cash items in net income (loss):

For the nine months ended September 30, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	-	(677,831)	(677,831)
Depreciation of equipment	(2,203,323)	(13,221)	-	-	-	-	(2,216,544)
Impairment of exploration and evaluation assets	-	(43,007)	-	-	-	-	(43,007)
Restricted stock units expense	-	-	-	-	-	(1,763,975)	(1,763,975)
Stock based compensation	-	-	-	-	-	(1,184,949)	(1,184,949)
Recognition of flow-through premium	-	-	-	-	-	214,541	214,541
Gain on disposal of property and equipment	5,072,111	-	-	-	-	-	5,072,111
Unrealized forex translation loss (gain)	1,227,308	-	215,631	(21,036)	(790,075)	178,510	810,338
Total non- cash items in net income (loss)	**4,096,096**	**(56,228)**	**215,631**	**(21,036)**	**(790,075)**	**(3,233,704)**	**210,684**

(Unaudited, Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION (cont'd…)

For the nine months ended September 30, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	9,981,312	-	-	-	-	-	9,981,312
Total revenue	**9,981,312**	-	-	-	-	-	**9,981,312**
Depreciation of equipment	(2,156,396)	-	-	-	-	-	(2,156,396)
Impairment of exploration and evaluation assets	-	(20,468)	(1,244,964)	-	-	-	(1,265,432)
Management fees	(451,064)	-	(291,711)	-	-	(571,250)	(1,314,025)
Professional fees	-	-	-	-	-	(1,130,869)	(1,130,869)
Performance share units expense	-	-	-	-	-	(70,410)	(70,410)
Restricted stock units expense	-	-	-	-	-	(962,969)	(962,969)
Stock based compensation	-	-	-	-	-	(556,190)	(556,190)
Other costs and expenses	(6,490,433)	(1,827)	(484)	(131)	(35,390)	(1,035,056)	(7,563,321)
Loss from operations	**883,419**	**(22,295)**	**(1,537,159)**	**(131)**	**(35,390)**	**(4,326,744)**	**(5,038,300)**
Foreign exchange (loss) /gain	(30,281)	-	(77,277)	96,212	(1,450,291)	(108,666)	(1,570,303)
Finance costs	(336,435)	-	-	-	(171,609)	(1,755,490)	(2,263,534)
Other income and expenses	107,259	-	-	-	-	282,709	389,968
Gain (loss) for the year from continuing operations	**623,962**	**(22,295)**	**(1,614,436)**	**96,081**	**(1,657,290)**	**(5,908,191)**	**(8,482,169)**
Cumulative translation adjustment	(11,799)	-	(3,233)	(151,523)	(2,120,652)	-	(2,287,207)
Total net income (loss)	**612,163**	**(22,295)**	**(1,617,669)**	**(55,442)**	**(3,777,942)**	**(5,908,191)**	**(10,769,376)**

Non-cash items in net income (loss):

For the nine months ended September 30, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(171,609)	(1,755,490)	(1,927,099)
Depreciation of equipment	(2,156,396)	-	-	-	-	-	(2,156,396)
Impairment of exploration and evaluation assets	-	(1,265,432)	-	-	-	-	(1,265,432)
Performance share units expense	-	-	-	-	-	(70,410)	(70,410)
Restricted stock units expense	-	-	-	-	-	(962,969)	(962,969)
Stock based compensation	-	-	-	-	-	(556,190)	(556,190)
Debt modification gain	-	-	-	-	282,708	-	282,708
Unrealized forex translation loss (gain)	(30,281)	-	(66,218)	96,943	(1,559,173)	(11,574)	(1,570,303)
Total non- cash items in net income (loss)	**(2,186,677)**	**(1,265,432)**	**(66,218)**	**96,943**	**(1,448,074)**	**(3,356,633)**	**(8,226,091)**

(Unaudited, Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS

- Compensation of key management personnel

Key management includes members of the Board of Directors, the Executive Chairman, Chief Executive Officer and the Chief Financial Officer. The aggregate compensation paid, or payable, to key management personnel, which include the amounts disclosed above, during the three and nine months ended September 30, 2023 and 2022:

	For the three months ended September 30, 2023	For the three months ended Septermber 30, 2022	**For the nine months ended September 30, 2023**	For the nine months ended Septermber 30, 2022
Director fees	**$ 110,500**	$ 98,500	**$ 331,500**	$ 194,500
Management fees	**438,152**	425,325	**1,312,775**	1,256,751
Total	**$ 548,652**	$ 523,825	**$ 1,644,275**	$ 1,451,251

As of September 30, 2023, included in trade and other payables was $184,167 (September 30, 2021: $ Nil) due to directors and officers of the Company.

18. SUBSEQUENT EVENTS

Debenture Offering

On October 17, 2023, the Company announced a private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "New Debentures") for total gross proceeds of up to USD$6,000,000. The New Debentures will mature on September 30, 2026 (the "Maturity Date") and will bear interest at 10% per annum, compounding annually on September 30 of each year, not in advance. Interest accrued from the date of issuance and up to and including March 30, 2025, will be paid by way of issuance of common shares of the Company. Interest accrued following March 30, 2025, will be, at the option of the New Debenture holder, paid either in cash or by way of issuance of common shares of the Company. The issuance of common shares as payment of interest will be at the then current market price of the Company's common shares at the date the interest becomes payable and will be subject to the prior acceptance of the TSXV and applicable securities laws. The holder of the New Debentures may, at their option, at any time from March 31, 2024, and prior to the close of business on the business day immediately preceding the Maturity Date, convert all, but not less than all, of the principal amount of the New Debentures into common shares of the Company at the conversion price of USD$0.22 per share. The Private Placement is anticipated to close in two or more tranches.

Debt Consolidation

Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately USD$15,400,000 in New Debentures to the holders of existing indebtedness as part of a comprehensive debt consolidation to simplify the Company's capital structure and extend its near-term debt maturities. Weston Energy LLC and Weston Energy II LLC (both existing shareholders of the Company) agreed to exchange all their outstanding debt in the Company into the New Debentures. This includes approximately USD$7,400,000 of existing Debentures held by Weston Energy LLC, the Bridge Loan of approximately USD$5,500,000 held by Weston Energy LLC and the Promissory Note of approximately USD$1,900,000 held by Weston Energy II LLC, for a total of approximately USD$14,800,000, into the New Debentures. In addition, all other holders of the Company's currently existing Debentures will also be offered the opportunity to exchange their Debentures into the New Debentures, which total approximately USD$600,000 in principal and accrued and unpaid interest outstanding.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,370,000. Concurrently, the Company also issued USD$15,408,039 in New Debentures to holders of existing indebtedness to complete the comprehensive Debt Consolidation.

18. SUBSEQUENT EVENTS (cont'd…)

On November 3, 2023, the Company closed a second tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,915,000. This brought the total amount of new funding raised via issuance of the New Debentures to USD$3,285,000. The proceeds from the New Debentures will be applied towards working capital and towards the restart of copper concentrate production at Punitaqui.