BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Canadian Dollars)

Grant Thornton

Independent auditor's report

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To the Shareholders of Battery Mineral Resources Corp.

Opinion

We have audited the consolidated financial statements of Battery Mineral Resources Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Convertible debentures

Refer to Note 14 of the consolidated financial statements.

During the year, the Company issued convertible debentures with a face value of USD $18,693,039. The accounting for and valuation of the convertible debentures is complex due to significant judgement involved in determining the appropriate accounting treatment, including classification as debt or equity, whether the features give rise to derivatives, and the discount rate and other assumptions used to determine the fair value.

The convertible debentures were determined to be a key audit matter due to the significant judgements and estimates involved in determining the appropriate accounting treatment.

Our audit procedures included, amongst other procedures:

- Obtained and reviewed the convertible debenture agreements;
- With the assistance of our subject matter specialist in accounting, we evaluated the reasonableness of the accounting and impact of the convertible debenture's features in accordance with IFRS Accounting Standards, including the election made to measure the entire instrument through fair value through profit and loss;
- Assessed the qualifications and objectivity of the third party accounting and valuation experts utilized by management; and
- Engaged our internal valuation specialist to develop an independent valuation of the convertible debentures to compare to management's estimate.

Tax exposure due to multinational intercompany balances and transactions and uncertain tax provision

Refer to Notes 2 and 20 of the consolidated financial statements.

The Company has tax exposure due to multinational intercompany balances and transactions, arising from possible exposure to tax liabilities in accordance with certain tax rules regarding foreign operations. These rules are complex and require significant management judgement including the appropriate withholding tax rate, fines and penalties likely to be applied, withholding tax refunds likely to be received, and the applicability of tax rules to certain transactions. The Company has recognized a tax liability of $2,537,581 offset by a receivable of $1,393,986 during the year in relation to these tax positions.

The Company's tax exposure due to multinational intercompany balances and transactions was determined to be a key audit matter because of the significance of management's judgments required in determining the appropriate tax provision as well as the significant audit effort required to obtain sufficient appropriate audit evidence regarding the amounts recorded.

Our audit procedures included, amongst other procedures:

- Assessed the qualifications and objectivity of the third party tax experts utilized by management; and
- Involvement of an income tax expert to assist with:
    - Evaluation of the potential for tax authorities to challenge management's treatment; and
    - Evaluation of management's assumptions regarding effective withholding rates, refund rates, and penalties.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ingrid Holbik**.**

Grant Thornton LLP

Toronto, Canada
April 30, 2024

Chartered Professional Accountants
Licensed Public Accountants

BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		$ **888,141**	$ 4,254,172
Receivables	4	**4,640,831**	3,178,208
Prepaids		**383,780**	227,321
Total current assets		**5,912,752**	7,659,701
Non-current assets			
Property, plant and equipment	5	**49,756,603**	53,088,950
Intangible assets		**160,734**	159,766
Exploration and evaluation assets	6	**54,203,338**	46,654,978
Deferred tax asset	20	**196,770**	-
Income tax receivable	20	**1,393,986**	-
Total non-current assets		**105,711,431**	99,903,694
TOTAL ASSETS		$ **111,624,183**	$ 107,563,395
LIABILITIES			
Current liabilities			
Trade and other payables	7	$ **6,545,534**	$ 3,120,668
Income taxes payable	20	**3,958,002**	2,924,326
Current portion of lease liability	10	**322,583**	284,526
Current portion of loans and borrowings	13	**732,424**	628,185
Bridge loan and promissory note	11	-	2,073,146
Current portion of deferred payments on acquisition	9	**1,768,047**	1,846,486
Deferred revenue		**361,809**	313,407
VAT liability	8	-	3,100,404
Total current liabilities		**13,688,399**	14,291,148
Non-current liabilities			
Lease liability	10	**996,752**	1,351,056
Deferred payments on acquisition	9	**3,302,633**	4,053,305
Loans and borrowings	13	**1,865,560**	2,411,173
Convertible debenture	14	**24,869,560**	10,049,611
Asset retirement obligation	12	**10,317,746**	10,918,524
VAT liability	8	**3,614,106**	-
Income tax provision	20	**883,644**	-
Total non-current liabilities		**45,850,001**	28,783,669
TOTAL LIABILITIES		**59,538,400**	43,074,817
EQUITY			
Share capital	15	**64,184,967**	60,952,703
Contributed surplus	14	**22,740,403**	24,195,021
Accumulated other comprehensive loss		**(3,508,445)**	(639,050)
Deficit		**(31,331,142)**	(20,020,096)
TOTAL EQUITY		**52,085,783**	64,488,578
TOTAL LIABILITIES AND EQUITY		$ **111,624,183**	$ 107,563,395

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

Nature of operations and going concern 1
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Approved on behalf of the Board:

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

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note		For the year ended December 31, 2023		For the year ended December 31, 2022
REVENUE					
Sales	16	**$**	**14,659,314**	$	12,671,037
EXPENSES					
Cost of sales			**1,332,633**		1,254,239
Depreciation of equipment	5		**2,928,895**		3,015,449
Impairment of exploration and evaluation assets	6		**1,286,899**		840,642
Impairment of property, plant and equipment	5		**1,783,331**		-
Management fees	17		**2,569,985**		1,584,481
Operating and maintenance			**5,146,179**		4,144,999
Professional fees			**1,054,321**		1,684,821
Restricted share units expense	15		**1,232,375**		2,231,206
Performance share units expense	15		**243,938**		-
General and administration			**4,388,116**		4,475,268
Stock option expense	15		**683,703**		1,526,759
Loss from operations			**(7,991,061)**		(8,086,827)
Finance costs	9,11,12		**(2,843,099)**		(2,448,008)
Foreign exchange loss			**(1,680,612)**		(620,376)
Gain on disposal of assets held for sale			-		3,633,322
Gain on disposal of property and equipment	5		-		4,834,165
Gain on deferred payments on acquistion modification	9		**282,709**		-
Gain on VAT liability modification	8		**281,490**		-
Loss on debt extinguishment and issuance of convertible debentures	11		**(51,848)**		-
Loss on remeasurement of convertible debentures	14		**(32,464)**		-
Other income			**159,997**		498,237
Loss before taxes		**$**	**(11,874,888)**	$	(2,189,487)
Income taxes					
Current Income tax expense	20		(825,883)		(1,306,680)
Deferred Income tax recovery	20		199,820		-
Loss for the year			**(12,500,951)**		(3,496,167)
Currency translation adjustment			**(2,869,395)**		3,225,234
Comprehensive loss for the year attributable to common shareholders		**$**	**(15,370,346)**	$	(270,933)
Loss per share					
Basic and diluted loss per ordinary share		**$**	**(0.07)**	$	(0.02)
Basic and diluted weighted average number of ordinary shares outstanding			**174,924,406**		171,500,133

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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 portion	-	-	1,224,439	-	-	1,224,439
Convertible debenture issuance costs	-	-	(12,034)	-	-	(12,034)
Restricted share units expense (Note 15)	833,333	-	2,231,206	-	-	2,231,206
Stock based compensation (Note 15)	-	-	1,526,759	-	-	1,526,759
Loss for the year	-	-	-	-	(3,496,167)	(3,496,167)
Currency translation adjustment	-	-	-	3,225,234	-	3,225,234
Balance at December 31, 2022	**171,705,612**	**60,952,703**	**24,195,021**	**(639,050)**	**(20,020,096)**	**64,488,578**
Performance share units expense (Note 15)	-	-	243,938	-	-	243,938
Restricted share units expense (Note 15)	-	-	1,232,375	-	-	1,232,375
Stock based compensation (Note 15)	-	-	683,703	-	-	683,703
Convertible debenture (extinguished) interests payments	5,217,186	830,037	(22,502)	-	-	807,535
Convertible debenture extinguishment - equity portion	-	-	(1,189,905)	-	1,189,905	-
Restricted share units - vested and exercised	3,497,497	2,402,227	(2,402,227)	-	-	-
Loss for the year	-	-	-	-	(12,500,951)	(12,500,951)
Currency translation adjustment	-	-	-	(2,869,395)	-	(2,869,395)
Balance at December 31, 2023	**180,420,295**	**64,184,967**	**22,740,403**	**(3,508,445)**	**(31,331,142)**	**52,085,783**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		For the year ended December 31,		For the year ended December 31, 2022
CASH FLOWS FROM (TO) OPERATING ACTIVITIES				
Net loss for the period	$	**(12,500,951)**	$	(3,496,167)
Items not affecting cash:				
Accretion		**2,203,369**		1,758,916
Depreciation		**2,928,895**		3,015,449
Impairment of exploration and evaluation assets		**1,286,899**		840,642
Impairment of property, plant and equipment		**1,783,331**		-
Restricted share units expense		**1,232,375**		2,231,206
Stock option expense		**683,703**		1,526,759
Performance share units expense		**243,938**		-
Recognition of flow-through premium		-		(214,541)
Gain on deferred payments on acquistion modification		**(282,709)**		-
Loss on finance lease termination		**370,966**		-
Current income tax expense		**825,883**		-
Deferred income tax recovery		**(199,820)**		-
Loss on debt extinguishment		**51,848**		-
Gain on VAT liability modification		**(281,490)**		-
Loss on remeasurement of convertible debenture		**32,464**		-
Gain on disposal of capital assets		-		(4,834,165)
Gain on disposal of assets held for sale		-		(3,633,322)
Unrealized foreign exchange		**1,680,612**		500,543
Changes in non-cash working capital items:				
Inventory		**190,582**		(54,743)
Receivables		**(1,699,807)**		(612,982)
Prepaid expenses		**(162,908)**		18,404
VAT		**(272,988)**		-
Trade and other payables		**3,121,192**		(119,331)
Income taxes payable		**(278,139)**		1,056,998
Deferred revenue		**49,081**		239,478
Other current assets		**(536,363)**		1,664,770
Other non-current liabilities		**(926,843)**		-
Net cash used in continuing operating activities		**(456,880)**		(112,086)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES				
Exploration and evaluation assets - Punitaqui		**(9,449,477)**		(12,331,223)
Exploration and evaluation assets - other		**(531,641)**		(1,280,092)
Acquisition of property, plant and equipment - Punitaqui		**(200,105)**		-
Other acquisition of property, plant and equipment		**(3,714,605)**		(2,655,224)
Purchase of intangible assets		**(54,279)**		(89,238)
Proceeds from disposal of capital assets		-		8,494,300
Proceeds from disposal of assets held for sale		-		5,922,554
Changes in non-cash working capital items:				
Receivables		-		2,568
Trade and other payables		-		(3,006,605)
Net cash used in investing activities		**(13,950,107)**		(4,942,960)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES				
Proceeds from new convertible debenture		**4,346,269**		-
Proceeds from loans and borrowings		**275,533**		3,044,458
Proceeds from bridge loan		**7,610,059**		2,055,550
Repayment of long term debt		**(937,329)**		(8,781,476)
Proceeds from issuance of convertible debenture		-		10,285,526
Payments on MAP acquisition		-		-
Net cash provided by financing activities		**11,294,532**		6,604,058
Effects of exchange rate changes on cash and cash equivalents		**(253,576)**		75,165
Change in cash during the period		**(3,366,031)**		1,624,177
Cash, beginning of the period		**4,254,172**		2,629,995
Cash, end of the period	$	**888,141**	$	4,254,172
Supplementary cash flow information:				
Interest paid		**439,833**		(376,042)
Interest received		**(142,209)**		166,663
Income taxes paid		**278,139**		(250,930)

The accompanying notes are an integral part of these 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 and principal place of business is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3. Trading of the Company’s common shares on the TSX Venture Exchange (“TSXV”) commenced on February 22, 2021, under ticker “BMR”.

The Company’s principal business activities include the mining operations at the Punitaqui Mine Complex (“Punitaqui”), located in Chile, and the acquisition and exploration of mineral exploration and evaluation assets in Canada, the United States, Chile, and South Korea. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

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 also holds a 100% 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.

At December 31, 2023, the Company had a working capital deficiency of $7,775,647 (2022 – working capital deficiency of $6,631,447). For the year ended December 31, 2023, the Company recorded a net loss of $12,500,951 (2022 - $3,496,167). For the year ended December 31, 2023, the Company recorded net cash outflow from operating activities of $456,880 (2022 – outflow from operating activities $112,086).

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 Project, 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 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2024.

Basis of presentation

The 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These 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 and Minera Altos de Punitaqui Ltda. 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 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.

2. BASIS OF PREPARATION (cont'd…)

Critical estimates, judgements and assessments

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards 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.

<u>Determination of mine operation stages for the Punitaqui Project</u>

The Company currently capitalizes expenditures incurred from the exploration and evaluation activities for the Punitaqui Project and recognizes such costs as exploration and evaluation assets. Judgements are required to determine if the Punitaqui mining operations can be transitioned into the development phase. The Company considers obtaining required mining permits, securing sufficient funding, completion of technical feasibility and commercial viability study and approval from the Company's Board of Directors to proceed with the project when assessing the qualification of the Punitaqui Project transitioning into the development phase. As of December 31, 2023, the Company was progressing towards securing the final portion of the financing required for the restart of the Punitaqui Project. Accordingly, the Company remains in the exploration and evaluation phased and continued to capitalizing costs associated with advancing the Punitaqui Project and recognizes these costs as exploration and evaluation assets.

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Where management has determined that exploration, evaluation, and related costs incurred which were capitalized may not have future economic benefits, the related assets have been written off. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

<u>Asset retirement obligation</u>

The Company has an obligation related to reclamation and other closure activities related to the Punitaqui mine. The obligation is estimated by the Company using mine closure plans and external experts which includes the estimation of future costs, timing of expenditures, foreign exchange and discount rates. The obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting natural resource extracting companies.

<u>Valuation of convertible debentures</u>

The Company measures the fair value of its convertible debentures at fair value through profit and loss using a finite-difference method. Key assumptions into he models include market yield of debt rates, volatility and foreign exchange rates. Changes to these inputs and assumptions could have a significant impact on the measurement of the convertible debentures. There is significant estimation uncertainty with respect to the application of the key assumptions in determining the fair value of the convertible debentures. Refer to Note 14 for further details on the methods and significant assumptions used.

2. BASIS OF PREPARATION (cont'd…)

Critical estimates, judgements and assessments (cont'd…)

Tax exposure due to multinational intercompany balances and transactions and uncertain tax provisions

The Company operates across multinational tax jurisdictions where the application of local and international tax law can be complex and requires judgement to assess risk and estimate outcomes. The estimation of taxes arising from intercompany balances require significant judgement and estimates regarding the appropriate withholding tax rate, estimated fines and penalties, applicability of certain tax rules to transactions and probability of withholding refunds to be received. Changes to these judgements and estimates could have significant changes in the value of current and deferred tax expense.

The evaluation of tax exposure considers both the Company's judgements and potential sources of challenge from tax authorities. Tax obligations assessed as having probable future economic outflows and can be reliably measured have been provided for within current income tax expenses.

Deferred tax

Deferred income tax assets are recorded to the extent that it is probable that the deductible temporary differences will be recoverable in future periods. The recoverability assessment involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable earnings, the availability of taxable profits to offset the tax assets when the reversal occurs and the application of tax laws. There are some transactions for which the ultimate tax determination is uncertain. To the extent that assumptions used in the recoverability assessment change, there may be a significant impact on the consolidated financial statements of future periods.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Share-based compensation

The Company incurs share-based compensation expenses through the issuance of stock options, restricted share units and performance share units. Significant judgement is required in estimating the fair value of each share-based compensation instrument unit. Management takes into consideration the risk-free rate, the expected price volatility of the Company's common shares, the expected holding period before exercising such instrument, the probability to achieve the performance requirements of the Company's common shares and the estimated vesting period, when determining the assumptions and inputs used in each valuation model. Changes to these assumptions and inputs could have significant changes in the value of share-based compensation expenses.

3. MATERIAL ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized in operations on a straight-line or declining-balance basis over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are from two to forty years commencing from the year the property, plant and equipment is available and put into use.

The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs. Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as property, plant and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are not capitalized, but instead recorded as regular operating expense during the year.

The carrying amounts of property, plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, whichever is shorter. Depreciation starts on the date when commissioning is complete and the asset is ready for its intended use. The major classes of property, plant and equipment are depreciated on a straight line or a declining-balance basis at the following annual rates:

Asset	Basis	Rate
Buildings	Straight-line	30-40 years
Padding Equipment - non componentized	Straight-line	5-10 years
Padding Equipment - major overhauls	Decline balance	5-10 years
Padding Equipment - oil fields service equipments	Straight-line	5-10 years
Plant and Mining Equipment	Straight-line	10-15 years
Motor Vehicle	Straight-line	2-5 years
Computer Equipment	Straight-line	2-5 years
Office furniture and equipment	Straight-line	5-10 years
Office equipment - Shop equipment	Straight-line	2-5 years
Right-of-use assets	Straight-line	5 years

Spare parts, materials and supplies are valued at the lower of weighted average cost and net realizable value, less any allowances for obsolescence, except for ESI and Ozzies Inc. which are valued using FIFO method. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred while the Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss. All costs related to the acquisition and exploration of exploration and evaluation assets are capitalized on an individual prospect basis. Amounts received for the sale of exploration and evaluation assets and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability to obtain the necessary financing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is recognized in profit or loss in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which includes exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

The Company earns revenue from the rental and sale of padding machines and oilfield service equipment related to the ESI business as described in Note 1. Revenue is recognized when there is a written arrangement in the form of a contract or purchase order with the customer, a fixed or determinable sales price is established with the customer, performance requirements are achieved, ultimate collection of the revenue is reasonably assured and when specific criteria have been met for each of the Company's activities as described below.

- Rental contracts of padding machines are assessed to determine whether they should be treated as operating lease or finance lease. A contract is classified as operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset. A contract is classified as a finance lease if it transfers substantially all the risks and rewards to ownership of an underlying asset.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Revenue recognition (cont'd…)

Revenue from a month-to-month rental contract under operating lease is recorded as rental revenue starting when the equipment is delivered, when control of the goods has passed to the purchaser and collection is reasonably assured. Upon commencement of the rental contract, customers are invoiced in advance for equipment. Revenue from a contract under finance lease which gives the customer the right to purchase option is recorded at the inception of the lease at the fair value of the underlying asset, or, if lower, the present value of all payments accruing to the Company, discounted using a market rate of interest.

- Revenue on the sale of machines and spare parts are recognized when the physical delivery of the equipment has occurred. Mobilization and other services are also rendered. The service revenue is recognized over time, as the services are rendered, which typically occurs within one or a few days. Sales of spare parts not related to rented machines as mentioned above are reflected as revenue.

- Mobilization revenue relates to the delivery of equipment to and from work sites and is recognized as services are rendered and is measured at the gross amount as ESI in the principal.

Asset retirement obligation

The Company has an obligation for reclamation and other closure activities related to its mineral properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting natural resource extracting companies. As the estimate of obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions. The reclamation and other closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording reclamation and other closure provisions is to establish provisions for future mine closure costs based on the present value of the future cash flows required to satisfy the obligations. This provision is updated as the estimate for future closure costs change. The amount of the present value of the provision is added to the cost of the related mineral assets and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to finance costs.

Financial instruments

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as ''fair value through profit and loss" ("FVTPL"), net of directly attributable transaction costs.

<u>Recognition and measurement</u>

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as FVTPL. The directly attributable transactions costs of financial assets and liabilities measured at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Classification of financial assets

Amortized cost: Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of financial assets is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative amortization using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortized costs primarily include cash and receivables included in current assets.

Financial liabilities

Financial liabilities are designated as either: fair value through profit or loss; or amortized cost. Subsequently, they are classified and measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The Company's financial liabilities which consist of trade and other payables, bridge loan, promissory note, deferred payments on acquisition, loans and borrowings are classified as amortized cost.

Convertible debentures issued by the Company in 2022 are classified as a compound financial instrument includes the host debt component and the equity component, with the proceeds received allocated between the two components at the date of issue. The liability and equity components of convertible debentures are presented separately on the consolidated statement of financial position starting from initial recognition. The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry. Transaction costs are distributed between liability and equity on a pro-rata basis of their carrying amounts.

Convertible debentures issued by the Company in 2023 are classified as a hybrid financial instrument include the host debt component and the convertible component. The Company has elected to not separate the debt host component from its embedded derivatives, and instead, to initially account for the convertible debenture as a single financial liability at fair value. Subsequent to initial recognition, the change in fair value of the liability is recognized in profit or loss. Transaction costs associated with the issuance of the convertible debentures are fully expensed at inception.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, restricted share units, performance share units and stock options, if any, are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

<u>Share-based compensation</u>

The Company's equity incentive plan is designed to advance the interests of the Company by encouraging employees, officers and directors to have equity participation in the Company through the acquisition of common shares. The types of awards available under the plan include options, restricted share units ("RSUs") and performance share units ("PSUs").

(i) Stock options

Stock options granted vest over a period of one to three years. Stock options have an exercise price of no less than the closing price of the common shares on the Toronto Stock Exchange Venture on the trading day immediately preceding the date on which the options are granted and are exercisable for a period not to exceed ten years. The cost of these stock options is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model.

The Black-Scholes option pricing model requires the input of subjective assumptions, including the risk-free rate, the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period.

Expected volatility is estimated with reference to the historical volatility of the share price of the Company. The costs are recognized over the vesting period of the option. The total amount recognized as share-based compensation expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in contributed surplus.

(ii) RSUs

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

(iii) PSUs

The PSUs may be awarded to directors, executives, officers and employees of the Company. The vesting of these PSUs occurs when certain performance conditions of the Company's common shares are met. At the time of the granting of the PSUs, the fair value and the expected vesting period of the PSUs are measured using the Monte Carlo simulation model, taking into account the risk-free rate, the Company's closing share price, the expected volatility of the Company's stocks and the aforementioned vesting condition. Total share-based compensation expense of these PSUs is calculated by multiplying the fair value of each unit by the total units granted and amortized over the expected vesting period.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Leases

The Company initially recognizes a lease at its commencement date which is when an identified asset is made available for use. Right-of-use assets are measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct or estimated restoration costs. A right-of-use asset is then depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term. Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate. The term of each lease includes its non-cancellable period. The term may also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the lease liabilities are continuously measured to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

From time to time, the Company may enter into sale-leaseback transactions pursuant to which the Company sells a property to a third party and agrees to lease the property back for a certain period of time. To determine whether the transfer of the property should be accounted for as a sale, the Company evaluates whether it has transferred control to the third party in accordance with the revenue recognition guidance set forth in IFRS 15.

If the transfer of the asset is deemed to be a sale at market terms, the Company recognizes the transaction price for the sale based on the proceeds, derecognizes the carrying amount of the underlying asset and recognizes a gain or loss in the consolidated statements of loss and comprehensive loss for any difference between the carrying value of the asset and the transaction price. The Company then accounts for the leaseback in accordance with its lease accounting policy. If the transfer of the asset is determined not to be a sale at market terms, the Company

accounts for the transaction as a financing arrangement, and accordingly no sale is recognized. The Company retains the historical costs of the property and the related accumulated depreciation on its books and continues to depreciate the property over the lesser of its remaining useful life or its initial lease term. The asset is presented within property and equipment, net on the consolidated statements of financial position. All proceeds from these transactions are accounted for as finance obligations and presented as non-current obligation on the consolidated statement of financial position. A portion of the lease payments is recognized as a reduction of the financing obligation and a portion is recognized as interest expense based on an imputed interest rate.

Foreign currency translation

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting differences are recognized in other comprehensive loss as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, RSUs and PSUs, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, RSUs and PSUs were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the year ended December 31, 2023 and 2022, options were excluded from diluted loss per share as they proved to be anti-dilutive.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred tax

Deferred taxes are recognized in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company has recognized a deferred tax asset for the year ended December 31, 2023.

Adoption of new standards and interpretations

The following new standards and interpretations have been adopted since the release of the Company's consolidated financial statements for the year ended December 31, 2022.

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies.
The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

3 . MATERIAL ACCOUNTING POLICIES (cont'd…)

Adoption of new standards and interpretations (cont'd…)

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not

an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)
The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

Following is the new amendment to a standard issued by the IASB which is applicable to the Company's consolidated financial statements:

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 amendment is expected to have no impact on the Company's consolidated financial statements on adoption.

(Expressed in Canadian Dollars)

4. RECEIVABLES

	31-Dec-23	31-Dec-22
Accounts receivable	$ 2,820,187	$ 1,586,293
Finance lease receivable	535,439	1,123,597
Sales or value added tax receivables	1,285,205	468,318
Total	$ 4,640,831	$ 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	270,705	(109,641)	2,842,484	310,334	-	320,791	-	-	3,634,673
Impairment	-	-	-	(1,783,331)	-	-	-	-	(1,783,331)
Disposals	(24,287)	(91)	(1,022,662)	(50,885)	-	-	-	-	(1,097,925)
Foreign currency translation adjustment	(407,098)	(1,322,128)	(740,342)	(40,784)	(19,547)	(27,481)	(4,533)	(10,515)	(2,572,428)
At December 31, 2023	**$ 9,245,982**	**$ 26,701,743**	**$ 39,005,003**	**$ 1,450,648**	**$ -**	**$ 401,779**	**$ 26,313**	**$ 531,899**	**$ 77,363,367**
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	(90,205)	(900)	(2,697,578)	-	-	(11,332)	(881)	(87,844)	(2,888,740)
Disposals	17,184	-	778,089	-	-	-	-	-	795,273
Foreign currency translation adjustment	19,337	(81)	538,112	-	17,285	608	1,929	2,941	580,131
At December 31, 2023	**$ (1,062,050)**	**$ (981)**	**$ (26,273,918)**	**$ -**	**$ -**	**$ (14,752)**	**$ (25,361)**	**$ (229,702)**	**$ (27,606,764)**
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 December 31, 2023	**$ 8,183,932**	**$ 26,700,762**	**$ 12,731,085**	**$ 1,450,648**	**$ -**	**$ 387,027**	**$ 952**	**$ 302,197**	**$ 49,756,603**

During the year ended December 31, 2022, the Company disposed of 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.

Certain property, plant and equipment in the amount of $26,805,234 (2022 - $24,055,852) is related to the development of the Punitaqui mine and has not been put into use and therefore depreciation has not commenced on these assets.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following table represents expenditures incurred on the exploration and evaluation assets during the year ended December 31, 2023 and 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	250,558	88,416	8,462	205,770	9,968,862	10,522,068
Impairment	(41,935)	(1,244,964)	-	-	-	(1,286,899)
Currency translation adjustment	-	(16,274)	(9,447)	(116,683)	(1,544,405)	(1,686,809)
Balance as December 31, 2023	**22,189,465**	**615,272**	**394,830**	**2,221,886**	**28,781,885**	**54,203,338**

Canadian Cobalt Projects

McAra Project area, Ontario Canada

The Company holds a 100% interest in the McAra project, located in Ontario, Canada. The property is subject to net smelter returns royalties (“NSR”) ranging from 1% to 2% of which 1.5% can be acquired for $750,000.

Gowganda Project area, Ontario Canada

The Company holds a 100% interest in certain claims in the Gowganda project area, located in Ontario, Canada. The property is subject to NSR’s ranging from 1% to 3% of which 0.5% to 1% of the royalty can be acquired for $250,000 to $1,000,000.

Gowganda Transition-Claims, Ontario, Canada

On March 1, 2021, the Company and the Gowganda Transition optionor agreed to amend their March 2, 2019, agreement. Under the amendment, the Company has waived the work expenditure requirement for the second-year option of $1,000,000 and removed the requirement for the Company to expend funds on gold exploration going forward. The consideration received by the optionor includes second option payment of $150,000 and an additional $150,000 cash payment due on or before March 2, 2021, for the return of its Gowganda Gold property and the assignment of additional contiguous claims. The assigned claims include a 1% NSR to the Company.

As of March 3, 2022, the Company did not meet the exploration expenditure of $2,000,000. The Company had impaired 100% of the Gowganda Transition Project as of December 31, 2021 for $2,023,808. The Company terminated the Gowganda project earn-in option agreement on March 3, 2022.

During the year ended December 31, 2023, the Company incurred no additional impairment on the Gowganda Transition-Claims (December 31, 2022: $19,598).

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Fabre Project area, Quebec Canada

The Company holds a 100% interest in the Fabre project area located in Quebec, Canada.

The property is subject to a 2% gross smelter returns royalty ("GSR") of which 1% can be acquired for $1,000,000 and an additional 1% can be acquired for an additional $1,500,000.

Shining Tree Project area, Ontario Canada

The Company holds a 100% interest in the Shining Tree Project area, located in Ontario, Canada.

The property is subject to a 1% NSR of which 0.5% can be purchased for $250,000.

Elk Lake Project area, Ontario Canada

The Company holds a 100% interest in certain claims of the Elk Lake project area, located in Ontario, Canada.

The property is subject to NSR's ranging from 1% to 2% of which 0.5% to 1% of the royalty can be acquired for $250,000 to $1,000,000.

Elk Lake Project Area (Silverstrike property), Ontario, Canada

The Company has a purchase option agreement, with Ashley Gold Mines Limited ("Ashley") to acquire a 100% interest in the Silverstrike property, located in Ontario.

The property is subject to a 1% NSR of which 0.5% can be purchased for $1,000,000.

Elk Lake Project Area (Mapes-Johnson property), Ontario, Canada

The Company has a purchase option agreement, to acquire a 100% interest in the Mapes-Johnson property, located in Ontario.

The property is subject to a 1% NSR of which 0.5% can be purchased for $1,000,000.

Elk Lake Project (Sunvest property claims)

The Company has a joint venture agreement with Sky Gold Corp. (formerly Sunvest Minerals Corp.) and acquired a 60% interest in certain claims in the Sunvest property claims.

The Company can earn an additional 5% interest from Sky Gold through issuance of 150,000 common shares or payment of $45,000.

The property is subject to a 2% NSR of which 1% can be purchased for $500,000.

Wilder Project area, Ontario, Canada

Wilder Project area (Kell claims), Ontario, Canada

The Company has a purchase option agreement with Ashley to acquire a 100% interest in the Kell claims, located in Ontario. The property is subject to a 1% NSR of which 1% can be purchased for $2,000,000.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Canadian Cobalt Projects (cont'd…)

Wilder Project area (Thompson claims), Ontario, Canada

The Company has a purchase option agreement with Ashley to acquire a 100% interest in the Thompson claims, located in Ontario.

The property is subject to a 1% NSR of which 1% can be purchased for $2,000,000.

White Reserve Project area (White Reserve claims), Ontario, Canada

The Company has a purchase option agreement with Ashley to acquire a 100% interest in the White Reserve claims, located in Ontario.

The property is subject to a 1% NSR of which 1% can be purchased for $2,000,000.

Iron Mask area (Brady claims and leases), Ontario, Canada

The Company had a purchase option agreement to acquire a 100% interest in the Brady Iron Mask claims and leases, located in Ontario.

The Company abandoned the Iron Mask Project in 2022. During the year ended December 31, 2023, the Company recorded additional impairment of $37,936 (December 31, 2022: $25,255).

Otter Projects, Ontario Canada

The Company abandoned the Otter Projects in 2022. During the year ended December 31, 2023, the Company recorded additional impairment of $3,999 (December 31, 2022: $795,790).

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

U.S. Cobalt Projects

Bonanza Project, Idaho, USA

The Company holds a 100% interest in certain land tenure rights in the Bonanza Project in Idaho.

The property is subject to a 0.5% NSR which can be purchased for US$1,000,000.

East Fork Project, Idaho, USA

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, as of December 31, 2023, the Company recorded an impairment loss of $1,244,964 (December 31, 2022: $nil).

U.S. Lithium Projects

Amargosa Project area, Nevada, USA

The Company holds a 100% interest in certain land tenure rights in the Amargosa Project in Nevada.

The property is subject to a 5% GSR of which 2.5% can be purchased for US$7,000,000.

2.5% of the 5% GSR is held by an officer of the Company.

South Korea Graphite Projects

Geumam and Taehwa Projects, South Korea

The Company holds a 100% interest in two exploration stage graphite projects in the Geumam and Taehwa regions of South Korea. The Geumam and Taehwa projects are past producing mines.

Chile Copper Project

Punitaqui Mining Complex, Chile

The Company holds the rights to 100% equity interest in the Punitaqui 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 gold mining complex including all required infrastructure and sources of water and power. The copper-gold 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-gold concentrate.

7. TRADES AND OTHER PAYABLES

		31-Dec-23		31-Dec-22
Trade payables	$	**4,579,419**	$	1,953,885
Accrued liabillities		**1,966,115**		1,166,783
Total	$	**6,545,534**	$	3,120,668

(Expressed in Canadian Dollars)

8. 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 December 31, 2023, the Company recovered $3,925,430 (December 31, 2022 - $3,100,404) 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 did not achieve the Export Value by December 31, 2023. However, in October 2023, the Company filed a request (the "Request"), with the Ministry of Economy, to extend the deadline to demonstrate the Export Value. On November 29, 2023, the Ministry of Economy approved the Request and extended the deadline for the Company to demonstrate that it will meet the minimum mineral concentrates export value to December 31, 2025. In addition, the Ministry of Economy also increased the minimum export value to USD $37.2 million.

Due to the extension of the deadline to repay the Ministry of Economy to December 31, 2025, the Company applied the discounted cash flow model to the existing total VAT liability to arrive at the corresponding present value. The change of cash flows indicates a modification of the existing VAT liability to a long-term VAT liability at its present value. Therefore, as at December 31, 2023, the current VAT liability of $3,895,595 was discounted using the Company's market yield of 10.34% to arrive at the present value of $3,614,106 and was then recorded as a non-current liability for VAT to be repaid on December 31, 2025. A modification gain of $281,490 was also recorded on the Company's consolidated statements of loss and comprehensive loss.

9. DEFERRED PAYMENTS ON ACQUISITION

		31-Dec-23		31-Dec-22
Deferred payment at beginning of the year	$	**5,899,791**	$	6,997,500
Payments during the year		**(966,939)**		(2,204,418)
Accretion expense		**608,939**		703,316
Currency translation adjustment, net of foreign currency impact		**(188,402)**		403,393
Modification gain		**(282,709)**		-
Deferred payments at end of the year	$	**5,070,680**	$	5,899,791
Current		**(1,768,047)**		(1,846,486)
Long term		**3,302,633**		4,053,305

On May 28, 2021, the Company entered into a number of agreements with Minera Altos de Punitaqui Limited ("MAP"), their parent company Xiana Mining Inc. ("Xiana") and their creditors, Bluequest Resources AG ("Bluequest"), to acquire the rights to certain properties, plant and equipment related to the Punitaqui Mining Complex ("Punitaqui") in Chile. As part of the total consideration of the acquisition, the Company agreed to make future payments to MAP to satisfy certain creditors' debts amounting to $8,080,000 over 23 quarterly installments beginning on June 30, 2021.

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 of $282,709.

(Expressed in Canadian Dollars)

9. DEFERRED PAYMENTS ON ACQUISITION (cont'd…)

The undiscounted payments remaining as at December 31, 2023 was $6,188,163 (December 31, 2022 - $7,391,420), while the discounted deferred payments remaining as at December 31, 2023 was $5,070,680 (December 31, 2022 - $5,899,791). This liability was discounted at a rate of 11%.

10. LEASE LIABILITY

On June 10, 2022, the Company entered into a sale-leaseback agreement with an unrelated party involving land and building property located in Phoenix, AZ, USA. Under the arrangement, the property with a net book value of US$1,742,920 was sold for US$6,900,000 and leased back under a five-year lease agreement. The Company recorded a net sale proceeds of US$6,390,263 after deducting the sale-related expenses of US$509,736.

The Company used the net sale proceeds to pay off its two mortgage loans amounting to US$2,087,109 and US$1,200,000, the aggregate payment of which was US$3,358,459 after considering additional costs related to premature retirement of the loans (Refer to Note 13 on Loan and Borrowings).

At the inception of the lease, based on an incremental borrowing rate of 10.64%, the Company recognized a lease liability for the total lease payments amounting to $1,700,336, and a right-of-use asset on the leased property amounting to $429,500 to be depreciated over the term of the leaseback agreement. The Company recorded a gain of $4,689,491 on this sale and leaseback transaction.

As of December 31, 2023, depreciation of $87,844 (2022 - $49,426) on the right-of-use assets, and an interest of $159,037 (2022 - $103,143) on the lease were recorded. Total cash outflow for the lease during the year was $442,546 (2022 - $239,262) including interest of $158,797. The carrying amount of right-of-use asset on the leased property as of December 31, 2023, was $302,197 (December 31, 2022 - $397,615) and the lease liability was $1,319,336 (December 31, 2022 - $1,635,582).

The maturity of the contractual undiscounted lease liabilities as of December 31, 2023, is presented below.

Year		Annual lease payments
2024		447,700
2025		461,133
2026		474,967
2027		200,333
Total undiscounted lease liabilities as December 31, 2023	$	1,584,133
Interest on lease liabilities		(264,798)
Total present value of minium lease payments		1,319,335
Lease Liability - current portion		(322,583)
Lease Liability	$	996,752

(Expressed in Canadian Dollars)

11. BRIDGE LOAN, PROMISSORY NOTE AND DEBT EXTINGUISHMENT

On October 19, 2023, the Company closed the first tranche of a previously announced private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "New Debentures") for total gross proceeds of USD$15,408,039 to the holders of existing indebtedness, which includes the below Bridge Loan, the Promissory Note, and the pre-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.

Therefore, with the issuance of the New Debentures on October 19, 2023, the Bridge Loan, Promissory Note and pre-existing Convertible Debentures were then subsequently extinguished. The carrying amounts of the Bridge Loan and Promissory Note included the principal amounts and interest accrued as of October 19, 2023. The carrying amount of the pre-existing Convertible Debenture as of October 19, 2023 is disclosed in Note 14. A gain of $118,013 from the extinguishment was recognized. In addition, the Company incurred transaction costs of $169,861 in the issuance of the New Debentures, which resulted in a net debt extinguishment loss of $51,848 recognized on the consolidated statements of loss and comprehensive loss. The breakdown of the carrying amounts for the Bridge Loan and Promissory Note is as follows:

i. Bridge Loan

		19-Oct-23		31-Dec-22
Principal amount	$	**7,273,776**	$	2,055,550
Interest accrued		**335,866**		17,596
Total	$	**7,609,642**	$	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 agrees 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 $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 from February 18, 2023 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.

ii. Promissory Note

		19-Oct-23		31-Dec-22
Principal amount	$	**2,544,755**	$	-
Interest accrued		**47,182**		-
Total	$	**2,591,938**	$	-

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

On June 22, 2023, the Company entered into a debt financing arrangement with Weston Energy II LLC (a related party) 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 October 19, 2023, the Company had drawn USD$1,855,000 under the promissory note.

12. ASSET RETIREMENT OBLIGATION

		31-Dec-23		31-Dec-22
Balance at the beginning of the year	$	**10,918,524**	$	9,640,033
Changes in estimates		**(813,670)**		62,324
Accretion expense		**235,032**		49,676
Foreign currency translation adjustment		**530,164**		230,088
Currency translation adjustment		**(552,304)**		936,403
Balance as December 31, 2023	$	**10,317,746**	$	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 tend to be 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 December 31, 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 2.76% for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of $10,317,746 (December 31, 2022 - $10,918,524). The foreign currency translation adjustment from UF to Chilean pesos for the year ended December 31, 2023 was $530,164 (2022 - $230,088), while the cumulative translation adjustment from Chilean pesos to the Company's reporting currency (Canadian Dollar) for the year ended December 31, 2023 was $552,304 (2022 - $936,403).

(Expressed in Canadian Dollars)

13. LOANS AND BORROWINGS

		31-Dec-23		31-Dec-22
Finance agreements	$	2,597,984	$	3,039,358
Total loans and borrowings		**2,597,984**		**3,039,358**
Less: current portion		(732,424)		(628,185)
Long-term portion	$	**1,865,560**	$	**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 December 31, 2023, relating to the purchase of three compact track loaders, one vehicle and one excavator that were financed through dealers in 2022 through 2023, and a sixth loan which is a lease agreement secured by Company equipment. The first five loans have terms ranging from four 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 USD $51,190.

14. CONVERTIBLE DEBENTURES

Pre-existing convertible debentures issued in 2022

		19-Oct-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		**995,324**		988,524
Total	$	**10,237,400**	$	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 19, 2023, the pre-existing convertible debentures were extinguished at their carrying value in the table above and were replaced by the new convertible debentures issued below.

Issuance of new senior unsecured convertible debentures

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 previous indebtedness, which included the Bridge Loan, Promissory Note, and the 2022 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 previously-issued convertible debentures, to complete the comprehensive debt consolidation. On November 3, 2023, the Company closed the second tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,915,000.

(Expressed in Canadian Dollars)

14. CONVERTIBLE DEBENTURES (cont'd…)

The New Debentures bear annual interest of 10% and mature on September 30, 2026 ("Maturity Date"). Interest accrued from the date of issuance 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 holder, paid either in cash or by way of issuance of common shares of the Company. The holder of a New Debenture 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 such New Debenture into common shares of the Company at the conversion price of USD $0.22 per share. The Company has the right, starting on March 31, 2024, with 15 days' notice, to prepay the then outstanding principal and interest due.

The USD denominated conversion price and the prepayment option of the New Debentures represent embedded derivatives. The Company has elected to not separate these embedded derivatives from the underlying debt host contract, and instead, account for the entire New Debenture as a financial liability at fair value through profit or loss. The New Debentures were recognized at their estimated fair value at initial recognition of $24,837,096 using a lattice binomial valuation model. The New Debentures were revalued at December 31, 2023 for an estimated fair value of $24,869,560 and the Company recognized a loss of $32,464 from the remeasurement of the fair value of the financial liability.

The following valuation model along with the key inputs and assumptions were used in the determination of fair value of the New Debentures:

Valuation technique	Key inputs and assumptions	19-Oct-23	03-Nov-23	**31-Dec-23**
The fair value of the New Debentures has been calculated using a lattice binomial model	*Observable - Level 2*			
	Risk-free rate	4.757%	4.423%	**3.723%**
	Foreign exchange rate (USD:CAD)	1.3175	1.3778	**1.3226**
	Unobservable - Level 3			
	Volatility	99.4%	99.9%	**96.3%**
	Credit spread	7.59%	7.95%	**6.62%**

The carrying amount of the New Debentures is as follows:

		31-Dec-23		31-Dec-22
Convertible unsecured subordinated debentures				
Fair value at inception	**$**	**24,837,096**	$	-
Change in fair value		**32,464**		-
Balance as December 31, 2023	**$**	**24,869,560**	$	-

For the fair value of the New Debenture at December 31, 2023, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

Key inputs	**Inter-relationship between significant inputs and fair value measurement**	**Fair value Increase (decrease)**
Discount rate	Discount rate was 1% higher	(387,500)
	Discount rate was 1% lower	195,000
Stock volatility	Stock volatility was 5% higher	67,500
	Stock volatility was 5% lower	(57,500)

(Expressed in Canadian Dollars)

15. SHARE CAPITAL

a) Authorized share capital

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

b) Share issuances

During the year ended December 31, 2023, the Company:

i. Issued 3,497,497 common shares that were related to the vested restricted stock units.

ii. Issued 5,217,186 common shares to fulfill the interest payment obligation related to the extinguished convertible debentures

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

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

c) Restricted stock units

The Company adopted the restricted share units plan ("RSU's") to allow the Board of Directors to grant its officers, directors, and consultants of the Company non-transferable share units based on 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. During the year ended December 31, 2023, the Company issued 100,000 units of RSUs to its officers and employees. The fair value of these RSUs was determined using the closing trading price on the day prior to the issuance of these RSUs. The total RSU expense for the year ended December 31, 2023, was $1,232,375 (December 31, 2022: $2,231,206).

Movements in the number of restricted share units 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	(3,497,497)
Outstanding at December 31, 2023	4,300,002

The weighted average share price at the date of exercise in 2023 was $0.14 (2022: $0.34).

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.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (cont'd…)

d) Stock options (cont'd…)

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

	Options	Weighted average excercise price
Outstanding at December 31, 2021	6,262,500	0.84
Granted	3,120,832	0.52
Outstanding at December 31, 2022	9,383,332	0.74
Granted	350,000	0.43
Expired	(212,500)	0.62
Outstanding at December 31, 2023	9,520,832	0.74

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 year ended December 31, 2023, was $683,703 (December 31, 2022: $1,526,759). There were no options exercised during 2023.

During the year ended December 31, 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 year ended December 31, 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%

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (cont'd…)

d) Stock options (cont'd…)

As of December 31, 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	5.25	0.85	0.41	3,333,333	5.25	0.85
$0.85	1,000,000	5.50	0.85	0.65	666,667	5.5	0.85
$0.75	250,000	2.84	0.75	0.25	250,000	2.84	0.75
$0.65	270,832	6.01	0.65	0.29	270,832	6.01	0.65
$0.65	75,000	6.01	0.65	0.29	25,000	6.01	0.65
$0.65	1,475,000	6.19	0.65	0.24	491,667	6.19	0.65
$0.65	1,100,000	6.33	0.65	0.24	366,667	6.33	0.65
$0.43	350,000	6.88	0.43	0.13	116,667	6.88	0.43
	9,520,832	5.57	0.77	0.37	5,520,832	5.40	0.79

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 and the expected vesting period of the PSUs are measured using the Monte Carlo simulation model at the time of grant. The key inputs and assumptions used in the model were as follows:

Risk-free rate:	3.26%
Expected volatility:	100% (historical 3 years prior to grant date)
Share price at grant date:	0.18
Forfeiture rate:	0%

The total PSU expense for the year ended December 31, 2023, was $243,938 (December 31, 2022 - $nil). There were no PSUs vested as of December 31, 2023.

Movements in the number of PSUs outstanding are as follows:

	PSU
Outstanding at January 1, 2023	-
Granted	2,330,000
Outstanding at December 31, 2023	2,330,000

(Expressed in Canadian Dollars)

16. REVENUE

All the Company's revenues for the year ended December 31, 2023 and December 31, 2022 were generated by ESI. ESI's revenue during the year ended December 31, 2023 and December 31, 2022 was comprised of the following:

		For the year ended December 31, 2023		For the year ended December 31, 2022
Machine Rental				
Padding machines				
Large padders	$	**2,204,362**	$	2,938,625
Small padders		**5,824,087**		4,275,957
Screening buckets		**1,569,200**		683,733
Other services		**650,600**		370,122
Rental revenue	$	**10,248,249**	$	8,268,437
Mobilization		**1,262,069**		895,401
Spare part sales		**976,278**		733,432
Machine sales		**1,528,944**		2,077,895
Other services		**643,774**		695,872
Other revenue	$	**4,411,065**	$	4,402,600
Total	$	**14,659,314**	$	12,671,037

For the year ended December 31, 2023, $8,497,259 (December 31, 2022 - $7,105,519) of revenue was derived from eight (December 31, 2022 – ten) customers that represented 58% (December 31, 2022 - 56%) of the Company revenue. As at December 31, 2023, $2,797,822 (December 31, 2022 - $527,742) from these customers was included in accounts receivable.

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes members of the Board of Directors, the Executive Chairman, the President and Chief Executive Officer, the Executive Vice President, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel, during the year ended December 31, 2023 and 2022, is as follows:

		For the year ended December 31, 2023		For the year ended December 31, 2022
Director fees	$	**434,337**	$	361,777
Management fees		**1,450,504**		1,584,481
Share-based compensation		**1,866,046**		3,757,965
Professional fees		**-**		60,000
Total	$	**3,750,887**	$	5,764,223

17. RELATED PARTY TRANSACTION (cont'd…)

During the year, Weston Energy II LLC subscribed for USD$2,645,000 of the New Debentures (Note 14).

As of December 31, 2023, included in trade and other payables was $296,824 (December 31, 2022: $297,927) due to directors and officers of the Company.

18. 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 fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's fair values of financial assets and liabilities were as follows:

	December 31, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Convertible debenture	24,869,560	-	-	24,869,560	24,869,560
	24,869,560	-	-	24,869,560	24,869,560

The Company's financial instruments consist of cash, receivables, and trade and other payables, deferred payments on acquisition, loans and borrowings and convertible debenture. The fair value of the short-term working capital assets and liabilities 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, unless the long-term debt is classified as FVTPL. 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 exposed to risk due to fluctuations in the exchange rates for the Canadian and foreign currencies. As at December 31, 2023, the Company had foreign currency liabilities and foreign currency assets in United States Dollars ("USD"), Chilean Pesos ("CLP"), Australian Dollars ("AUD"), and Korean Won ("KRW"). Each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $3,638,495.

The table below shows the balances held in foreign currency:

(Expressed in Canadian Dollars)

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

December 31, 2023	USD $	KRW $	CLP $	Equivalent CAD $
Cash	291,062	5,130,932	292,040,724	832,838
Receivables	2,494,245	-	545,052,266	4,125,024
Prepaids	110,001	1,151,852	-	146,662
Trade and other payables	996,734	63,080,407	1,651,956,063	3,886,492
Income taxes payable	209,791	-	-	277,470
VAT liability	-	-	2,384,446,538	3,614,106
Convertible debenture	18,693,039	-	-	24,723,413
Deferred payments on acquisition	-	-	3,345,437,102	5,070,679
Lease liability	997,531	-	-	1,319,335
Loans and borrowings	1,964,301	-	-	2,597,984
Net exposure	**(19,966,088)**	**(56,797,623)**	**(6,544,746,713)**	**(36,384,955)**

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's receivables primarily include balances receivable from the government of Canada and Chile. The Company invests cash with financial institutions that are financially sound based on their credit rating.

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 and reviewing actual and forecasted cash flows to ensure there are available cash resources to meet these needs.

The Company expects that cash and cash flow from operations, will be sufficient to fund its presently anticipated requirements for investments in working capital and capital assets.

Contractual cash flow requirements as at December 31, 2023 were as follows:

	year 1 $	year 2 $	year 3 $	year 4 $	> 4 years $	Total $
Loans and borrowings	732,424	806,841	889,147	142,671	26,901	2,597,984
Trade payables	5,641,941	-	-	-	-	5,641,941
Income tax payables	3,958,002	-	-	-	-	3,958,002
Lease liability	322,583	461,134	474,967	60,651	-	1,319,335
Other current liabilities	3,614,106	-	-	-	-	3,614,106
Deferred payments on acquisition	1,768,047	1,480,631	1,327,114	494,888	-	5,070,679
Convertible debenture	-	24,869,560	-	-	-	24,869,560
Total	**16,037,103**	**27,618,166**	**2,691,228**	**698,210**	**26,901**	**47,071,607**

18. 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, cobalt, lithium, and graphite. The Company monitors copper, gold, 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 December 29, 2023, the spot COMEX copper price was USD$ 3.88/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 convertible debenture and other loans and borrowings, as well as equity. As at December 31, 2023, the total capital held by the Company is $79,553,327 (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. There has been no significant change to the Company's capital management policies during the year ended December 31, 2023.

(Expressed in Canadian Dollars)

19. 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 exploration and evaluations assets located in Canada, United States, Chile and South Korea and the second segment for 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 year 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 year ended December 31, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	22,189,465	1,010,102	2,221,886	28,781,885	-	**54,203,338**
Property, plant, equipment	14,250,667	-	-	953	35,498,712	6,271	**49,756,603**
Total assets	18,702,027	22,347,809	1,010,102	2,229,294	65,549,379	1,785,573	**111,624,183**
Total liabilities	6,994,999	-	-	64,342	12,821,616	39,657,443	**59,538,400**

(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION (cont'd…)

For the year ended December 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	12,671,037	-	-	-	-	-	12,671,037
Total revenue	**12,671,037**	**-**	**-**	**-**	**-**	**-**	**12,671,037**
Depreciation of equipment	(3,002,228)	(13,221)	-	-	-	-	(3,015,449)
Impairment of exploration and evaluation assets	-	(840,642)	-	-	-	-	(840,642)
Management fees	(549,638)	(59,864)	(435,450)	-	-	(539,529)	(1,584,481)
Professional fees	-	(20,000)	(6,847)	-	-	(1,657,974)	(1,684,821)
Restricted stock units expense	-	-	-	-	-	(2,231,206)	(2,231,206)
Stock based compensation	-	-	-	-	-	(1,526,759)	(1,526,759)
Other costs and expenses	(7,907,114)	(4,459)	(1,098)	(2,005)	(30,519)	(1,929,311)	(9,874,506)
Gain (loss) from operations	**1,212,057**	**(938,186)**	**(443,395)**	**(2,005)**	**(30,519)**	**(7,884,779)**	**(8,086,827)**
Foreign exchange (loss) /gain	23,517	-	(217,543)	75,226	(1,460,830)	959,254	(620,376)
Finance costs	(688,897)	-	-	-	(49,676)	(1,709,435)	(2,448,008)
Gain on disposal of assets held for sale	3,633,322	-	-	-	-	-	3,633,322
Gain on disposal of property and equipment	4,865,640	(31,475)	-	-	-	-	4,834,165
Other income and expenses	283,696	-	-	-	-	214,541	498,237
Gain (loss) for the year from continuing operations	**9,329,335**	**(969,661)**	**(660,938)**	**73,221**	**(1,541,025)**	**(8,420,419)**	**(2,189,487)**
Current income tax	(1,306,680)	-	-	-	-	-	(1,306,680)
Gain (loss) for the year from continuing operations, after-tax	**8,022,655**	**(969,661)**	**(660,938)**	**73,221**	**(1,541,025)**	**(8,420,419)**	**(3,496,167)**
Cumulative translation adjustment	783,861	-	47,173	27,359	2,366,841	-	3,225,234
Total net income (loss)	**8,806,516**	**(969,661)**	**(613,765)**	**100,580**	**825,816**	**(8,420,419)**	**(270,933)**

Non-cash items in net income (loss):

For the year ended December 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(752,796)	(1,006,119)	(1,758,915)
Impairment of exploration and evaluation assets	-	(840,642)	-	-	-	-	(840,642)
Restricted stock units expense	-	-	-	-	-	(2,231,206)	(2,231,206)
Stock based compensation	-	-	-	-	-	(1,526,759)	(1,526,759)
Recognition of flow-through premium	-	-	-	-	-	214,541	214,541
Gain (loss) on disposal of equipment	4,865,641	(31,475)	-	-	-	-	4,834,165
Gain on disposal of assets held for sale	3,633,322	-	-	-	-	-	3,633,322
Unrealized forex translation loss (gain)	33,747	-	(221,087)	73,559	(294,285)	(92,477)	(500,543)
Total non- cash items in net income (loss)	**8,532,710**	**(872,117)**	**(221,087)**	**73,559**	**(1,047,081)**	**(4,642,020)**	**1,823,963**

(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION (cont'd…)

For the year ended December 31, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	14,659,314	-	-	-	-	-	14,659,314
Total revenue	**14,659,314**	-	-	-	-	-	**14,659,314**
Depreciation of equipment	(2,925,759)	-	-	-	-	(3,136)	(2,928,895)
Impairment of exploration and evaluation assets	-	(41,935)	(1,244,964)	-	-	-	(1,286,899)
Impairment of property, plant and equipment	-	-	-	-	(1,771,744)	(11,587)	(1,783,331)
Management fees	(451,063)	-	(385,488)	-	(652,367)	(1,081,067)	(2,569,985)
Professional fees	-	-	-	-	-	(1,054,321)	(1,054,321)
Performance share units expense	-	-	-	-	-	(243,938)	(243,938)
Restricted stock units expense	-	-	-	-	-	(1,232,375)	(1,232,375)
Stock based compensation	-	-	-	-	-	(683,703)	(683,703)
Other costs and expenses	(9,479,514)	(1,827)	(647)	(238)	(36,653)	(1,348,049)	(10,866,928)
Loss from operations	**1,802,978**	**(43,762)**	**(1,631,099)**	**(238)**	**(2,460,764)**	**(5,658,176)**	**(7,991,061)**
Foreign exchange (loss) /gain	31,686	-	(32,322)	68,306	87,571	(1,835,853)	(1,680,612)
Finance costs	(639,730)	-	-	-	(235,941)	(1,967,428)	(2,843,099)
Gain on debt modification	-	-	-	-	-	282,709	282,709
Gain on VAT liability modification	-	-	-	-	-	281,490	281,490
Loss on debt extinguishment and issuance of convertible debentu	-	-	-	-	-	(51,848)	(51,848)
Loss on remeasurement of convertible debenture	-	-	-	-	-	(32,464)	(32,464)
Other income and expenses	144,997	-	-	-	-	15,000	159,997
Gain (loss) for the year from continuing operations	**1,339,931**	**(43,762)**	**(1,663,421)**	**68,068**	**(2,609,134)**	**(8,966,570)**	**(11,874,888)**
Income tax (expense) recovery	2,229,497	-	-	-	-	(2,855,560)	(626,063)
Cumulative translation adjustment	(330,148)	-	(25,721)	(116,682)	(2,396,844)	-	(2,869,395)
Total net income (loss)	**3,239,280**	**(43,762)**	**(1,689,142)**	**(48,614)**	**(5,005,978)**	**(11,822,130)**	**(15,370,346)**

(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION (cont'd…)

Non-cash items in net income (loss):

For the year ended December 31, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(235,940)	(1,967,429)	(2,203,369)
Depreciation of equipment	(2,925,759)	-	-	-	-	(3,136)	(2,928,895)
Impairment of exploration and evaluation assets	-	(1,286,899)	-	-	-	-	(1,286,899)
Impairment of property, plant and equipment	-	-	-	-	(1,783,331)	-	(1,783,331)
Performance share units expense	-	-	-	-	-	(243,938)	(243,938)
Restricted stock units expense	-	-	-	-	-	(1,232,375)	(1,232,375)
Stock based compensation	-	-	-	-	-	(683,703)	(683,703)
Gain on deferred payments on acquistion modification	-	-	-	-	282,709	-	282,709
Loss on finance lease termination	(370,966)	-	-	-	-	-	(370,966)
Current income tax recovery (expense)	2,029,677	-	-	-	-	(2,855,560)	(825,883)
Deferred income tax recovery	199,820	-	-	-	-	-	199,820
Loss on debt extinguishment	-	-	-	-	-	(51,848)	(51,848)
Gain on VAT liability modification	-	-	-	-	-	281,490	281,490
Loss on remeasurement of convertible debenture	-	-	-	-	-	(32,464)	(32,464)
Unrealized forex translation loss (gain)	31,686	-	134,650	69,896	(271,100)	(1,645,744)	(1,680,612)
Total non- cash items in net (loss) income	**(1,035,542)**	**(1,286,899)**	**134,650**	**69,896**	**(2,007,662)**	**(8,434,707)**	**(12,560,264)**

(Expressed in Canadian Dollars)

20. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Loss for the year	$	(11,874,888)	$	(2,189,487)
Statutory tax rate		27%		27%
Expected income tax (recovery)	$	(3,206,220)	$	(591,161)
Change in statutory, foreign tax, foreign exchange rates and other		43,202		(78,588)
Permanent differences		809,800		660,043
Non-deductible expenses for tax purposes		163,105		(560,027)
Share issue cost		-		54
(Reversal) recognition of uncertain tax provision		(2,142,463)		2,142,463
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		996,374		(568,727)
Imputed interest and tax penalties		1,293,186		-
Change in unrecognized deductible temporary differences		2,669,079		302,623
Total income tax expense	**$**	**626,063**	**$**	**1,306,680**
Current income tax expense	**$**	**825,883**	$	1,306,680
Deferred income tax recovery	**$**	**(199,820)**	**$**	-
	$	**626,063**	**$**	**1,306,680**

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Deferred tax assets (liabilities)				
Accrued expenses and other current liabilites		54,113		40,000
Exploration and evaluation assets	$	(7,248,000)	$	4,388,000
Intangible assets		2,430,887		2,431,000
Non-capital losses available for future period		14,766,742		8,036,000
Property and equipment		(1,025,326)		(1,314,000)
Share issue costs & Deferred Finance Fees		155,000		1,986,000
Unrealized foreign exchange gains/losses		382,995		(363,000)
Total recognized deferred tax assets		9,516,411		15,204,000
Unrecognized deferred tax assets		(9,316,591)		(15,204,000)
Net deferred tax assets	**$**	**199,820**	**$**	-

(Expressed in Canadian Dollars)

20. INCOME TAXES (cont'd…)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	Year ended December 31, 2023	Expiry Date Range	Year ended December 31, 2022	Expiry Date Range
Non-capital losses available for future periods	$ 55,503,844	2026 to 2039	$ 32,872,671	2026 to 2039
Canada	8,100,125	2026 to 2039	19,421,911	2026 to 2039
USA	10,863,993	-	13,348,138	-
Korea	9,335	-	101,598	-
Chile	36,520,658	-	-	-
Australia	9,733	No expiry date	1,024	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Uncertain tax provisions arise in the normal course of business and in the interpretation of tax legislation with regard to multinational structures. During the year, the Company recognized an uncertain tax provision expense of $862,583 (2022- $Nil). The Company does not have any material unresolved tax matters or disputes with the tax authorities.

21. SUBSEQUENT EVENTS

Closing of the final tranche of the New Debentures

On February 16, 2024, the Company closed the third and final tranche of the New Convertible Debentures for gross proceeds of USD$1,000,000. The proceeds were applied towards working capital and the exploration and evaluation of copper concentrate production at Punitaqui.

Loan Financing Arrangement with Fiera

The Company has entered into an $8,000,000 credit agreement ("Credit Agreement") with Fiera Enhanced Private Debt Fund. The Company has drawn a first advance of $5,000,000 under the Credit Agreement on March 8, 2024, and may, subject to the satisfaction of certain conditions, draw a second advance of up to $3,000,000 before May 15, 2024. The net proceeds of the first advance under the Credit Agreement, after deducting transaction costs, were intended for use towards the exploration and evaluation of copper concentrate production at the Company's Punitaqui Project in Chile.

Javelin Offtake Agreement

On February 12, 2024, Minera BMR SpA ("Minera") entered into a marketing agreement, master purchase and sale agreement, a copper concentrate pre-payment and advance payment terms arrangements (collectively, the "Agreements") with Javelin Global Commodities ("Javelin"). Pursuant to the Agreements, Javelin will market the copper concentrate, gold, silver, and other metals, ("Product"), produced at the Punitaqui Project, provide a USD$5,000,000 copper concentrate pre-payment and offer advance payment terms in respect of shipments of Product delivered from time to time in an amount of up to USD$20,000,000. As of March 8, 2024, Minera has received the prepayment of USD$5,000,000 from Javelin.