



Battery Mineral Resources Corp.

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND
SIX MONTHS ENDED JUNE 30, 2024**

BATTERY MINERAL RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

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Introduction

This Management's Discussion and Analysis of Operations and Financial Condition ("**MD&A**") of Battery Mineral Resources Corp. ("**BMR**" or the "**Company**") should be read in conjunction with the Company's unaudited interim consolidated financial statements for the Three and Six months ended June 30, 2024, including the notes thereon (the "**Financial Statements**"), as well as the Company's Audited Annual Consolidated Financial Statements for the year ended December 31, 2023, including the notes thereon, and the Company's Management's Discussion and Analysis for the year ended December 31, 2023.

The Company's Financial Statements have been prepared in accordance with IFRS Accounting Standards ("**IFRS Accounting Standards**") as issued by the International Accounting Standards Board ("**IASB**"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of Aug 28, 2024, and all information is current as of such date. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of the Company's historical operating and financial results and provides estimates of future operating and financial performance based on information currently available. Actual results may vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance. Cautionary statements regarding forward-looking information and mineral reserves and mineral resources can be found in the sections titled "*Cautionary Statements on Forward-Looking Statements*" and "*Technical Information*".

Corporate profile

The Company is a public mineral exploration company incorporated under the laws of British Columbia on November 26, 2019. Its registered office is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3.

The Company is a battery metal, multi-commodity explorer and developer of properties for minerals required to meet the anticipated growth in the demand for the raw materials used in the battery and energy storage sectors. The Company is currently developing the previously producing Punitaqui Mining Complex ("**Punitaqui**"), located in the Coquimbo region of Chile, and pursuing the potential near-term resumption of operations at Punitaqui.

The Company also controls the Cobalt District Exploration Project in Ontario and Quebec, Canada, comprised of mineral claims and leases covering an aggregate of 55,619 hectares in Ontario and 1,813 hectares in Quebec; other assets prospective for cobalt and lithium in the United States; and graphite properties in South Korea.

The Company's U.S. cobalt assets include mineral claims covering fourteen cobalt occurrences. These properties are located in the historic Blackbird Mining District approximately 30 km west and north of the town of Salmon, Idaho. The Company has one lithium exploration asset in the US, the Amargosa prospect in Nye County, Nevada. The Amargosa tenements cover approximately 5 km². The Company has a graphite exploration asset in South Korea. The Geumam prospect, was an operating graphite mine between 1986 and 1993, and a supplier of graphite to the South Korean battery market.

The Company also holds a 100% ownership interest in ESI Energy Services Inc. ("**ESI**"), a company in the business of renting and selling backfill separation machines ("**Padding Machines**") to wind and solar and other utility construction contractors, mainline pipeline contractors as well as oilfield pipeline and construction contractors. ESI operates in the Canadian and U.S. markets, in the latter through its 100%-owned operating subsidiary Ozzie's Inc. ("**Ozzie's**"). ESI's financial position, results of operations and cash flows are consolidated in the Financial Statements of the Company, and ESI's results are discussed in this MD&A.

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For a discussion of the business of the Company, see sections *"Results of Operations"*, *"Risk Factors related to the Company's Mineral Properties"* and *"Risk Factors related to ESI"*.

Project Development

Punitaqui

During the three and six months ended June 30, 2024, the Company continued to advance Punitaqui, its flagship mineral asset. Project financing, development, and related activities at Punitaqui during the three and six months ended June 30, 2024, included the following:

Financing and Offtake:

- On February 12, 2024, the Company announced that its Chilean subsidiary, Minera BMR SpA ("**Minera**") entered into a marketing agreement, master purchase and sale agreement, a copper concentrate pre-payment and advance payment terms arrangement (the "**Agreements**") with Javelin Global Commodities ("**Javelin**"). Pursuant to the Agreements, Javelin will market the copper concentrate, gold, silver, and other metals, produced at the Punitaqui plant, provided a USD\$5,000,000 copper concentrate pre-payment and will 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.
- On February 13, 2024, the Company entered into an Offtake Agreement (or the "**Agreement**") with Anglo American Sur. S.A. ("**Anglo**" or "**Anglo American**") a division of AngloAmerican PLC. Anglo's Chagres smelter in Catemu, Chile has agreed to sell up to 240,000 Dry Metric Tonnes ("**DMT**") of copper slags to be processed into copper concentrates at Punitaqui. Anglo has agreed to purchase all the copper concentrate to be produced from the supply of copper slags. The terms and conditions of the Agreement are benchmark for this type of concentrate. The Agreement is in addition to the agreements previously entered into between the Company and Javelin, as such agreements were announced by the Company on February 12, 2024. Javelin shall not market the copper concentrates processed from copper slags and shall not be paid any commission in respect thereof.
- On February 16, 2024, the Company announced that it had closed the third tranche of the private placement of unsecured convertible debentures ("**New Debentures**"), for gross proceeds of USD\$1,000,000.
- On March 11, 2024, the Company announced that ESI entered into a \$8,000,000 credit agreement (the "**Credit Agreement**") with Fiera Enhanced Private Debt Fund. ESI drew the first advance of \$5,000,000 under the Credit Agreement. The net proceeds from the first advance were applied towards the pre-operational activities of the Punitaqui.
- On March 11, 2024, the Company announced that it had closed a private placement of New Debentures, for gross proceeds of USD\$400,000.
- The Company announced it had closed the second and final drawdown of \$3,000,000 under the Credit Agreement with Fiera Enhanced Private Debt Fund, on June 10, 2024. The Company has utilized partial proceeds from the final drawdown to extinguish an existing indebtedness. The balance of the proceeds was applied towards the pre-operational activities of Punitaqui.

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- On June 26, 2024, the Company entered into a short-term debt financing arrangement with Weston Energy II LLC for proceeds of USD \$750,000. In connection with this debt financing agreement, the Company issued a promissory note to Weston Energy II LLC, which matures on September 24, 2024, and bears interest at a rate of eight percent (8%) per annum, with interest payable at the maturity of the promissory note.

Development:

During the second quarter of 2024, the Company continued personnel hiring for the resumption of full operations at Punitaqui. Furthermore, the final mine maintenance at the San Andres mine including rehabilitation of ground support, re-activation of compressed air, ventilation, power, and water in preparation for resumption of full mining operations, continued to progress. Mine maintenance at the Cinabrio mine commenced. Punitaqui plant maintenance and rehabilitation continued to progress, with the aim of full operational commissioning of the plant by the end of 2024. Pursuant to the Agreement, Anglo began deliveries of copper slags to Punitaqui and the Company started to produce concentrate as announced on May 13, 2024.

Management's Outlook for 2024

The Company announced it began copper concentrate production on May 13, 2024, at Punitaqui. The timeline from first fresh ore through the mill, increasing to full commissioning and eventual commercial production is expected to require approximately nine months. The Company is aiming to complete all mine and plant rehabilitation prior to plant commissioning. Subsequent to this, progress of underground mine development in Cinabrio and San Andres will allow BMR to begin processing its own ore. Reaching the Company's full permitted production rate of 100,000 tonnes per month of ore throughput, BMR expects the Punitaqui full year production rate to be in the range of 18 to 20 million pounds of copper in concentrate. During the ramp-up period while the Cinabrio and San Andres mines are in operation, the Company will continue advancing toward its Cinabrio Norte zone.

As part of the ongoing operational readiness, in March, BMR commenced underground extensional and infill drilling at San Andreas and Cinabrio. The drilling program is designed to further define areas that could be included in mine sequencing and for grade control purposes. The Company announced updated drill results on July 2nd, 2024 and July 22nd, 2024 and looks forward to reporting the results of additional drilling during the course of the year.

Corporate activities

Corporate Activities

In addition to the events discussed under Financing and Offtake, activities during the year ended December 31, 2023, and the first half of 2024, include:

- i. Entered into interest settlement agreements (the "**Interest Settlement Transactions**") with certain holders of the Debentures (the "**Debenture Holders**") to settle the payment of accrued interest by way of issuance of common shares of the Company to the Debenture Holders. Pursuant to these Interest Settlement Transactions, the Company issued an aggregate of 5,217,186 common shares ("**Shares**") to settle \$830,037 of accrued interest owing to Debenture Holders as follows:
 - 1,575,758 Shares at a deemed price of \$0.165 per Share.
 - 294,298 Shares at a deemed price of \$0.19 per Share.
 - 2,209,086 Shares at a deemed price of \$0.14 per Share; and
 - 1,138,044 Shares at a deemed price of \$0.18 per Share.

Acceptance of the Interest Settlement Transactions by the TSX Venture Exchange (the "**TSXV**") was received on June 29, 2023. All securities issued pursuant to the Interest Settlement Transactions were subject

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to a hold period of four months and one day from the date of issuance, in accordance with applicable securities legislation.

- ii. Entered into a debt financing arrangement with Weston Energy II LLC, a related party, for maximum aggregate gross 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 bore interest at a rate of 8% per annum and was set to mature on September 15, 2023, but the maturity date was extended to November 15, 2023, on September 5, 2023. On October 19, 2023, the Company issued USD\$15,408,039 in New Debentures to holders of existing indebtedness, including Weston Energy II LLC, to complete the comprehensive debt consolidation announced on October 17, 2023. See section "*Subsequent Events*" for additional details of the New Debentures.
- iii. Published its inaugural Environmental, Social and Governance (ESG) report on the Company's website.
- iv. Closed the first tranche of the private placement of the New Debentures for gross proceeds of USD\$1,370,000. Concurrently, the Company also issued USD\$15,408,039 in New Debentures to holders of existing indebtedness to complete the comprehensive debt consolidation announced on October 17, 2023.
- v. Closed a second tranche of the private placement of the New Debentures for gross proceeds of USD\$1,915,000. This brought the total amount of new funding raised via issuance of the New Debentures to USD\$3,285,000.

See section "Subsequent Events" for additional information.

Significant Projects

The Company considers Punitaqui to be its most significant project. Punitaqui is a former producing copper mine and ore processing plant that had been idle since April 2020. For 2024, the Company's plans for Punitaqui primarily include:

- Ramping up mining and copper concentrate production activities at Punitaqui by engaging in mine development, the acquisition of certain capital items, hiring of personnel, as well as the refurbishment of the ore processing plant;
- Complete underground infill and extensional drilling at San Andreas and Cinabrio. The drilling program is designed to further define areas that could be included in mine sequencing and for grade control purposes; and
- The continued execution of community consultation plans in the areas immediately surrounding Punitaqui, as well as consultation with any other communities that may be impacted by production and related activities at the mine.
- Commenced copper concentrate production on May 13, 2024

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During 2023 and 2024 the Company made the following expenditures toward the advancement of Punitaqui:

	Punitaqui
	\$
Balance as December 31, 2022	20,357,428
Additions	
Consulting	307,649
Drilling	2,233,545
Environmental and permitting	172,708
Field office and other	6,149,534
Project management	514,774
Travel	96,407
Additions during the year	9,474,617
VAT liability	494,244
Currency Translation Adjustment	(1,544,405)
Balance as December 31, 2023	28,781,884
Additions	
Consulting	124,588
Drilling	3,245,897
Environmental and permitting	28,750
Field office and other	3,992,520
Project management	102,071
Travel	17,991
Additions during the year	7,511,817
VAT liability	184,243
Currency Translation Adjustment	(1,283,454)
Balance as June 30, 2024	35,194,490

The expenditures were a necessary step towards the subsequent phase of advancing the project. Field office and other expenditures include costs related to the pre-operational re-start activities at Punitaqui including general and administration costs, legal fees and salaries. As of the date of this MD&A, the Company has completed the in-fill and exploration drilling, published a NI 43-101 compliant Resources Statement, completed pre-operational activities related to the re-start of production at Punitaqui, re-started production at Punitaqui, and remains on-track to complete the next phase of its plans as outlined herein. The Company anticipates making additional expenditures at Punitaqui, including but not limited to the continued development of the underground mines at Punitaqui. Numerous factors outside of the Company's control, including but not limited to commodity prices, political, or environmental issues may have an effect on the value of Punitaqui (See also section "*Risk Factors related to the Company's Mineral Properties*").

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During 2023 and 2024, Exploration and Evaluation expenditures towards the advancement of other projects included:

Canadian Cobalt Projects

	McAra	Gowganda	Fabre	Shining Tree	Elk Lake	Wilder	White Reserve	Iron Mask	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as December 31, 2022	7,951,171.00	4,800,156.00	1,944,991.00	2,027,718.00	2,609,176.00	1,336,419.00	1,311,211.00	-	-	21,980,842.00
Additions										
Property acquisition and staking costs	26,530	37,091	224	1,092	22,305	30,192	60,774	36,948	2,887	218,043
Exploration expenditures										
Consulting	2,221	543	1,605	-	543	884	181	398	1,112	7,486
Drilling	3,400	2,125	1,700	-	1,275	-	-	-	-	8,500
Environmental and permitting	-	26,187	-	-	-	-	-	-	-	26,187
Field office and other	960	125	107	-	1,317	-	(54,662)	-	-	(52,153)
Geological	-	7,498	-	-	5,118	-	-	-	-	12,616
GIS, mapping and surveying	-	-	-	-	(5,118)	-	-	-	-	(5,118)
Government and land payments	-	4,165	-	-	-	203	-	590	-	4,958
Ground truthing and trenching	-	(7,498)	-	-	-	-	-	-	-	(7,498)
Project management	5,881	15,681	4,433	3,000	433	2,290	800	-	-	32,518
Travel	91	1,092	3,335	-	-	-	500	-	-	5,018
Additions during the year	39,083	87,009	11,404	4,092	25,873	33,569	7,593	37,936	3,999	250,557
Impairment	-	-	-	-	-	-	-	(37,936)	(3,999)	(41,935)
Balance as December 31, 2023	7,990,254	4,887,165	1,956,395	2,031,810	2,635,049	1,369,988	1,318,804	-	-	22,189,464
Additions										
Property acquisition and staking costs	12,086	15,157	-	837	13,757	5,033	-	3,320	306	50,496
Exploration expenditures										
Drilling	2,975	2,125	1,275	340	1,275	-	340	-	-	8,330
Field office and other	-	66	-	-	-	129	-	-	-	195
Government and land payments	1,146	-	-	-	-	-	-	-	-	1,146
Project management	3,800	9,568	400	3,218	600	2,618	-	-	-	20,204
Additions during the year	20,007	26,916	1,675	4,395	15,632	7,780	340	3,320	306	80,371
Impairment	-	-	-	-	-	-	-	(3,320)	(306)	(3,626)
Balance as June 30, 2024	8,010,261	4,914,081	1,958,070	2,036,205	2,650,681	1,377,768	1,319,144	-	-	22,266,210

During the three and six months ending June 30, 2024, no field exploration was undertaken. Expenditures related to these projects relate to the administration and maintenance of the concessions as well as a limited program of ongoing rehabilitation work on the Gowganda mining leases. This work is part of a program that commenced in 2018 and is focused on safety hazard mitigation related to old workings as well as overall site rehabilitation.

In February 2024, the Company terminated the Brady Option at the Iron Mask & Wilder property agreement and returned 140 claims and 7 mining leases to the vendor. BMR has satisfied all legal requirements stipulated under the 2016-2017 Brady Option & Royalty Agreement.

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U.S. Cobalt Projects

	Bonanza
	\$
Balance as December 31, 2022	1,788,094
Additions	
Property acquisition and staking costs	63,743
Field office and other	19,680
Project management	4,993
Additions during the year	88,416
Impairment	(1,244,964)
Currency Translation Adjustment	(16,274)
Balance as December 31, 2023	615,272
Additions	
Field office and other	4,584
Additions during the year	4,584
Currency Translation Adjustment	21,481
Balance as June 30, 2024	641,337

During the three and six months ending June 30, 2024, no field exploration was undertaken, and expenditures related to this project can be attributed to regulatory and administrative costs (Taxes & Rentals) to maintain the concessions.

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

On August 31, 2023, the Company elected not to renew its East Fork mining claims located in the town of Salmon in the State of Idaho, USA. As a result, the Company recorded an impairment loss of \$1,244,964. The impairment loss was recognized in the year ended December 31, 2023.

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U.S. Lithium Projects

	Amargosa
	\$
Balance as December 31, 2022	395,815
Additions	
Property acquisition and staking costs	6,185
Field office and other	(12)
Project management	2,289
Additions during the year	8,462
Currency Translation Adjustment	(9,447)
Balance as December 31, 2023	394,830
Additions	
Field office and other	4,585
Project management	869
Additions during the year	5,454
Currency Translation Adjustment	13,803
Balance as June 30, 2024	414,087

During the three and six months ending June 30, 2024, no field exploration was undertaken, and expenditures related to this project can be attributed to regulatory and administrative costs (Taxes & Rentals) to maintain the concessions.

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South Korea Graphite Projects

	Geuman & Taehwa \$
Balance as December 31, 2022	2,132,799
Additions	
Drilling	21,701
Field office and other	21,749
Project management	161,905
Travel	414
Additions during the year	205,769
Currency Translation Adjustment	(116,683)
Balance as December 31, 2023	2,221,885
Additions	
Exploration expenditures	
Drilling	1,870
Field office and other	9,138
Project management	83,463
Travel	403
Additions during the year	94,874
Currency Translation Adjustment	(58,617)
Balance as June 30, 2024	2,258,142

During the three and six months ending June 30, 2024, no field exploration was undertaken except for a limited number of brief government geologist visits escorted by BMR South Korea representatives related to on-going tenement renewal and re-application process. Expenditures related to this project can be attributed to regulatory and administrative costs (Taxes & Rentals) to maintain the concessions and the domestic BMR corporate entity that holds the concessions.

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Historical Results

The following table summarizes the Company's financial results and position for the eight most recently completed quarters.

Selected Financial Information

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Income (loss) for the period	\$ (3,351,794)	\$ (4,296,151)	\$ (4,018,782)	\$ (2,554,744)	\$ (3,544,316)	\$ (2,383,109)	\$ (2,577,533)	\$ (176,904)
Comprehensive income (loss) for the period attributable to common shareholders	\$ (1,885,820)	\$ (7,286,347)	\$ (4,600,970)	\$ (5,156,465)	\$ (6,214,007)	\$ 601,096	\$ 112,371	\$ 2,455,273
Income (loss) per share for the period (basic and diluted)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.02)	(0.00)
Basic weighted average number of ordinary shares outstanding	180,986,963	180,758,391	174,924,406	177,650,860	174,874,157	172,119,926	171,500,133	171,705,612

Generally, the Company has historically experienced a net loss attributable to common shareholders of the Company. The period-to-period variations in the net loss attributable to common shareholders of the Company have been primarily a result of:

- Changes in the revenue attributable to ESI; revenue attributable to ESI is, in part, dependent on the general level of activity in the wind and solar and other utility construction sectors, as well as oilfield pipeline and construction sectors. To a lesser extent, revenue attributable to ESI is also subject to seasonal variation, as customers typically engage in a higher volume of construction activity during the May through October period, while reducing their activity in the November through April period – the reduction in the volume of construction activities during the aforementioned period can have an adverse impact on ESI's revenues during such period.
- An increase in cost of sales in the three and six months ended June 30, 2024, compared to the same period of 2023, mainly due to increases in ESI's sales in 2024.
- Impairment of inventory and spares recorded for the three months ended December 31, 2023, of \$1,783,331.
- Negative currency translation adjustments of \$1,524,222 for the six months ended June 30, 2024, compared to positive currency translation adjustments of \$314,514 in the six months ended June 30, 2023.
- Changes in foreign exchange gains and losses.
- An increase in finance costs, mainly due to accretion expenses arising from the convertible debentures, and the deferred payments on the acquisition of Punitaqui.
- An increase in impairment of exploration and evaluation assets due to the relinquishment of the East Fork mining claims in Idaho, part of the U.S. cobalt projects recorded in the third quarter of 2023.

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Results of operations and financial position

The following table provides a summary of the financial results of the Company for the three and six months ended June 30, 2024, and for the three and six months ended June 30, 2023. Tabular amounts are in Canadian dollars.

	For the three months ended June 30 2024	For the three months ended June 30 2023	For the six months ended June 30 2024	For the six months ended June 30 2023
<i>Summary of Financial Results</i>				
Revenue	\$ 4,263,619	2,575,700	7,425,012	5,300,733
Costs and Expenses	\$ 6,628,890	4,449,825	13,209,553	9,278,229
Loss from Operations	\$ (2,365,271)	(1,874,125)	(5,784,541)	(3,977,496)

The following table provides a summary of the financial position of the Company as of June 30, 2024, and as of December 31, 2023. Tabular amounts are in Canadian dollars.

	As of June 30 2024	As of December 31 2023
<i>Summary of Financial Position</i>		
Cash and cash equivalents	\$ 1,821,217	888,141
Total assets	\$ 119,157,724	111,624,183
Current liabilities	\$ 46,604,691	38,557,959

Results of operations

Revenues

All the Company's revenues for the three and six months ended June 30 were generated by ESI. The following table provides a summary of the Company's revenues for the three and six months ended June 30, 2024, and for the three and six months ended June 30, 2023. Tabular amounts are in Canadian dollars.

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Machine Rental				
Padding machines				
Large padder	811,077	212,619	1,499,778	506,680
Small padder	544,161	1,238,690	1,067,116	2,498,717
Screening buckets	427,247	193,934	780,492	292,128
Sand Delivery	62,822	88,486	261,186	102,466
Vacuum Lifters	158,399	-	263,606	-
Attachments	86,523	-	144,849	-
Rental Revenue	2,090,229	1,733,729	4,017,027	3,399,991
Mobilization	259,872	251,499	710,009	403,790
Inventory sales	229,439	180,831	288,475	459,272
Machine sales	1,504,123	310,155	2,073,333	701,649
Other services	179,956	99,486	336,168	336,031
Other Revenue	2,173,390	841,971	3,407,985	1,900,742
Total	4,263,619	2,575,700	7,425,012	5,300,733

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ESI continued to see success in US renewables construction, primarily solar, generating approximately 97% of its revenue base from these markets in the three and six months ended June 30, 2024. Almost all revenue generated in Canada, ESI's other operating market, was generated from renewables construction.

Approximately 32% of the revenue generated during the three months ended June 30, 2024, came from Padding Machine rentals (three months ended June 30, 2023: 56%), 60% of which was from large Padding Machines (three months ended June 30, 2023: 15%) and 40% from small Padding Machines (three months ended June 30, 2023: 85%). The remainder of the revenue was generated from padding bucket, sand delivery machine and vacuum lifter rentals.

Approximately 35% of the revenue generated during the six months ended June 30, 2024, came from Padding Machine rentals (six months ended June 30, 2023: 57%), 58% of which was from large Padding Machines (six months ended June 30, 2023: 17%) and 42% from small Padding Machines (three months ended June 30, 2023: 83%). The remainder of the revenue was generated from padding bucket, sand delivery machine and vacuum lifter rentals.

Revenue by Geography	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
United States	\$ 4,241,380	\$ 2,569,753	\$ 7,376,404	\$ 5,112,457
Canada	\$ 22,239	\$ 5,948	\$ 48,608	\$ 188,275
Total Revenue	\$ 4,263,619	\$ 2,575,700	\$ 7,425,012	\$ 5,300,733

The increase in revenue in the three months ended June 30, 2024, compared to the same period of 2023, was mainly due to a large increase in large padders rentals, and increases in machine sales and other services, all partly offset by a decrease in small padders rentals.

The increase in revenue in the six months ended June 30, 2024, compared to the same period of 2023, was mainly due to a significant increase in large padders rentals and an increase in machine sales and mobilization revenue, both partly offset by decreases in small padders rentals and spare part sales.

Expenses

Total expenses for the three months ended June 30, 2024, were \$6,628,890, compared to total expenses of \$4,449,825, for the three ended, June 30, 2023. Total expenses for the six months ended June 30, 2024, were \$13,209,553, compared to total expenses of \$9,278,229, for the six ended, June 30, 2023.

	For the three months ended June 30 2024	For the three months ended June 30 2023	For the six months ended June 30 2024	For the six months ended June 30 2023
Expenses				
Cost of sales	\$ 592,759	234,673	970,433	579,623
Depreciation of equipment	741,125	697,699	1,468,849	1,397,044
Impairment of exploration and evaluation assets	-	1,899	3,626	9,993
Management fees	247,444	424,977	975,622	862,122
Operating and maintenance	1,401,927	1,083,672	2,644,553	2,107,397
Professional fees	230,123	551,440	402,194	905,716
Property examination costs	-	-	-	-
Restricted stock units expense	11,069	279,541	190,872	689,351
Performance stock units expense	17,677	35,205	98,106	35,205
General and administration	3,363,487	918,374	6,337,045	2,265,090
Stock based compensation	23,279	222,345	118,253	426,688
Total Expenses	\$ 6,628,890	4,449,825	13,209,553	9,278,229

BATTERY MINERAL RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

Discussion of Significant Changes in Expenses

The increase in cost of sales for the three and six months ended June 30, 2024, when compared to the three months ended June 30, 2023, is primarily attributable to an increase in machine sales.

The increase in operating and maintenance costs for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, is primarily attributable to the increase in large padder rentals.

The decrease in restricted stock unit expense for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, is attributable to fewer restricted stock units vested in 2024 and a decrease in the Company's common share price.

The decrease in stock-based compensation for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, is attributable to fewer stock options vested in 2023 and a decrease in the Company's common share price.

The increase in general and administration expenses for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, is primarily attributable to an increase in general and administrative expenses as the Company prepares for Punitaqui for production.

The increase in management fees for the six months ended June 30, 2024, when compared to the six months ended June 30, 2023, is mainly attributable to use of consultants and the growth of the accounting and finance team.

The decrease in professional fees for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, is mainly due to decreases in audit, legal, accounting and tax consulting fees.

Gross Profit and Gross Margins

		Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Gross Profit and Gross Profit Margin					
Revenue	\$	4,263,620	2,575,701	7,425,012	5,300,733
Cost of purchase		592,757	234,673	970,433	579,622
Operating and maintenance expenses		1,401,928	1,083,672	2,644,553	2,107,397
Gross margin		2,268,935	1,257,356	3,810,027	2,613,713
Depreciation		741,125	697,699	1,468,849	1,397,044
Gross profit (loss)	\$	1,527,809	559,657	2,341,178	1,216,669
Gross Profit Margin		36%	22%	32%	23%

For the three months ended June 30, 2024, the Company realized a gross profit of \$1,527,809, representing a gross profit margin of approximately 36% compared to a gross profit of \$559,657 and a gross profit margin of approximately 22% for three months ended June 30, 2023. The gross profit for the three months ended June 30, 2024, and June 30, 2023, were entirely attributable to the operations of ESI. The increase in gross profit and the gross profit margin during the three months ended June 30, 2024, was primarily due to an increase in revenue associated with more profitable rental equipment types.

For the six months ended June 30, 2024, the Company realized a gross profit of \$2,341,178, representing a gross profit margin of approximately 32% compared to a gross profit of \$1,216,669 and a gross profit margin of approximately 23% for six months ended June 30, 2023. The gross profit for the six months ended June 30, 2024, and June 30, 2023, were entirely attributable to the operations of ESI. The increase in gross profit and the gross profit margin during the three months ended June 30, 2024, was primarily due to an increase in revenue associated with more profitable rental equipment types.

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The Company has included certain non-IFRS measures including "Gross profit" and "Gross profit margin" to supplement its financial statements, which are presented in accordance with IFRS Accounting Standards. Gross profit is equal to revenue less the cost of sales, less operating and maintenance expense, less depreciation. Gross profit margin is equal to gross profit divided by revenue. The Company believes that these measures provide investors with an alternative view to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS Accounting Standards. Therefore, they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards.

Loss for the period

Loss for the three months ended June 30, 2024, was \$3,351,794, compared to a loss for the three months ended June 30, 2023, of \$3,544,316. For the three months ended June 30, 2024, the Company's loss per share was \$0.02, compared to a loss per share of \$0.02 for the three months ended June 30, 2023. Significant differences for three months ended June 30, 2024, when compared to the three months ended June 30, 2023, was primarily due to:

- i) an increase in the operating and maintenance costs of \$1,401,927 for the three months ended June 30, 2024 (June 30, 2023: \$1,083,672),
- ii) an increase in general and administrative expenses for the three months ended June 2024, of \$5,655,760 (March 31, 2023: \$918,374) due to an increase in costs as the Company moves towards production at Punitaqui.
- iii) A loss on the remeasurement of the fair value of the convertible debentures for the three months ended June 30, 2024, of \$168,710, (March 31, 2023, Nil)

Loss for the six months ended June 30, 2024, was \$7,646,989, compared to a loss for the six months ended June 30, 2023, of \$5,927,425. For the six months ended June 30, 2024, the Company's loss per share was \$0.04 compared to a loss per share of \$0.03 for the six months ended June 30, 2023. The increase in loss for six months ended June 30, 2024, when compared to the six months ended June 30, 2023, was primarily due to:

- i) an increase in management fees for the six months ended June 30, 2024, to \$975,622 (June 30, 2023- \$862,122);
- ii) an increase in general and administrative expenses for the six months ended June 30, 2024, to \$8,629,318 (June 30, 2023, \$2,265,090) due to an increase in costs as the Company moves towards production at Punitaqui.
- iii) A loss on the remeasurement of the fair value of the convertible debentures for the six months ended June 30, 2024, of \$648,816 (June 30, 2023, Nil).
- iv) an increase in the operating and maintenance costs of \$2,644,553 for the six months ended June 30, 2024 (June 30, 2023, \$2,107,397),

These were offset by an increase in ESI's gross profit in the six months ended June 30, 2024, compared to the same period of 2023, as explained above.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

Exploration and Evaluation Expenditures

Mining claims and deferred exploration costs represent costs pertaining to the Company's various copper, cobalt, lithium, and graphite projects.

	Canadian Cobalt Projects	U.S. Cobalt Projects	U.S. Lithium Projects	South Korea Graphite Projects	Chile Copper Punitaqui Project	Total
	\$	\$	\$	\$	\$	\$
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 year	250,558	-	-	205,770	9,968,862	10,425,190
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
Additions during the period	80,376	4,585	5,455	94,875	7,696,060	7,881,351
Impairment	(3,626)	-	-	-	-	(3,626)
Currency translation adjustment	-	21,480	13,803	(58,617)	(1,283,454)	(1,306,788)
Balance as June 30, 2024	22,266,215	641,337	414,088	2,258,144	35,194,491	60,774,275

Copper

The Company's copper projects include Punitaqui, located in the Coquimbo region of Chile.

Cobalt

The Company's cobalt properties primarily include the Cobalt District Exploration Project in Ontario and Quebec, Canada, as well as mineral claims covering cobalt occurrences in the Blackbird Mining District approximately 30 km west of the town of Salmon, Idaho, USA, among others.

Lithium

The Company's lithium property is the Amargosa prospect in Nye County, Nevada, USA.

Graphite

The Company's graphite properties include the Geumam flake graphite prospects in South Korea.

Financial position

		As of June 30, 2024	As of December 31 2023
Total Assets	\$	119,157,724	111,624,183
Total current liabilities	\$	46,604,691	38,557,959
Total non-current liabilities	\$	29,232,186	20,980,441

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

Assets

Cash

At June 30, 2024, cash totaled \$1,821,217 (December 31, 2023: \$888,141). Cash increased by \$933,076 during the six months ended June 30, 2024, as a result of the financings in the period. The Company's cash flows during the six months ended June 30, 2024, consisted of net cash provided by financing activities of \$15,008,615 (June 30, 2023: \$6,272,855), offset by net cash used in operating activities of \$ 2,3688,687 (June 30, 2023: \$1,559,982), and net cash used in investing activities of \$11,739,044 (June 30, 2023: \$6,501,506).

Receivables

Receivables at June 30, 2024, totaled \$4,615,198 (December 31, 2023: \$4,640,831). Receivables included accounts receivable from customers of \$2,059,076 (December 31, 2023: \$2,820,187), finance lease receivable of \$604,664 (December 31, 2023: \$535,439), as well as sales and value added tax ("VAT") receivables of \$1,951,458 (December 31, 2023: \$1,285,205). Receivables at June 30, 2024, decreased, compared to December 31, 2023, mainly due to collections in accounts receivable from customers, partially offset by an increase in the VAT receivable.

Liabilities

Trade and other payables

As of June 30, 2024, trade and other payables totaled \$9,934,644 due to the re-start activities at Punitaqui (December 31, 2023: \$6,545,534). The balance is comprised of \$8,544,168 of trade payables (December 31, 2023: \$4,579,419) and \$1,390,476 of accrued liabilities (December 31, 2023: \$1,966,115).

Income taxes payable

As of June 30, 2024, income taxes payable were \$3,881,473 offset by an income tax receivable of \$1,393,986 for a net payable of \$2,487,487 compared to income taxes payable as of December 31, 2023, of \$3,958,002 offset by an income tax receivable of \$1,393,986 for a net payable of \$2,564,016.

Convertible unsecured 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.

On February 16, 2024, the Company closed the third tranche of the Private Placement of the New Debentures for gross proceeds of USD\$1,000,000. On March 11, 2024, the Company closed the fourth tranche of the Private Placement of the New Debentures for gross proceeds of USD\$400,000.

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

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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 using a lattice binomial valuation model, and then were revalued at the end of each reporting period, with the change in estimated fair value recognized through profit and loss.

As a result of the amendments to IAS 1 as further described in Note 2 of these Financial Statements, the New Debentures, which were previously classified as non-current liabilities, have been reclassified within current liabilities in the statement of financial position at December 31, 2023 to reflect the retrospective application of the amendments to IAS 1.

As at June 30, 2024, all of the New Debentures were valued at \$27,398,048 and classified as a current liability. The Company recognized a loss of \$648,816 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	30-Jun-24	31-Dec-23
The fair value of the New Debentures has been calculated using a lattice binomial model	<i>Observable - Level 2</i>		
	Risk-free rate	3.950%	3.723%
	Foreign exchange rate (USD:CAD)	1.3687	1.3226
	<i>Unobservable - Level 3</i>		
	Volatility	105.6%	96.3%
	Credit spread	10.19%	6.62%

The carrying amount of the New Debentures is as follows:

	30-Jun-24	31-Dec-23
Convertible unsecured subordinated debentures		
Fair value at beginning of the period	\$ 24,869,560	\$ -
Issuance of convertible debentures during the period	1,887,951	24,837,096
Change in fair value	640,537	32,464
Balance as June 30, 2024	\$ 27,398,048	\$ 24,869,560

For the fair value of the New Debenture at June 30, 2024, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

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Key inputs	Inter-relationship between significant inputs and fair value measurement	Fair value Increase (decrease)
Discount rate	Discount rate was 1% higher	(433,000)
	Discount rate was 1% lower	444,500
Stock volatility	Stock volatility was 5% higher	17,000
	Stock volatility was 5% lower	(28,000)

Additional Information

Working Capital

On January 1, 2024, the Corporation adopted the amendments to IAS 1 Presentation of Financial Statements, which addresses the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. Application of the amendments in the comparative period resulted in an increase in the current portion of liabilities of \$24,869,560 and a corresponding decrease in the non-current portion of other liabilities of \$24,869,560 in the statement of financial position as at December 31, 2023.

The Company has a working capital deficiency of \$38,630,372 as of June 30, 2024 (December 31, 2023: \$32,645,206 million). The increase in the working capital deficiency was primarily due to the increase in expenditures due to the re-start activities at Punitaqui and the increase in the current portion of the convertible debentures now classified as current liabilities due to the amendment to IAS 1 and an increase in loans and borrowings from the Fiera loan.

On February 12, 2024, the Company announced that Minera entered into Agreements with Javelin. Pursuant to the Agreements, Javelin provided a USD\$5,000,000 copper concentrate pre-payment.

On February 16, 2024, the Company announced that it had closed the third tranche of the private placement of New Debentures, for gross proceeds of USD\$1,000,000.

On March 11, 2024, the Company announced that ESI entered into a \$8,000,000 Credit Agreement with Fiera Enhanced Private Debt Fund. ESI drew the first advance of \$5,000,000.

On March 11, 2024, the Company announced that it had closed a private placement of New Debentures, for gross proceeds of USD\$400,000.

The Company announced it had closed the second and final drawdown of \$3,000,000 under the Credit Agreement with Fiera Enhanced Private Debt Fund on June 10, 2024. The Company has utilized partial proceeds from the final drawdown to extinguish an existing indebtedness.

On June 26, 2024, the Company entered into a short-term debt financing arrangement with Weston Energy II LLC for proceeds of USD \$750,000.

Liquidity and capital resources

As at June 30, 2024, the Company had cash of \$1,821,217 (December 31, 2023: \$888,141) and no cash held in escrow. Cash is primarily comprised of cash held with reputable financial institutions and any excess cash is invested in highly liquid short-term investments with maturities of 90 days or less.

The Company does not currently generate sufficient revenue to fund its planned exploration and development activities and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day

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obligations. There is no assurance that the Company's funding initiatives will be successful, and the Financial Statements do not reflect the adjustments to carrying values of assets and liabilities and the reported and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

During 2023, the Company was successful in raising approximately \$11.3 million through a series of strategic financing transactions (the aforementioned amount excludes the exchange of certain previous indebtedness, which included the Bridge Loan, Promissory Note, and the 2022 convertible debentures, for the New Debentures). In 2024 the Company has continued to focus on securing the funding for the restart of mining operations, including those financing mentioned, and resumption of copper concentrate production at Punitaqui.

As of the date of this MD&A, the Company will have to incur certain expenditures to advance its mineral projects. These expenditures may include, but may not be limited to: the development of the ore bodies currently existing at Punitaqui for mining operations and copper concentrate production; the acquisition of certain mining equipment and consumables; operating and general & administrative costs associated with operating Punitaqui; the drilling of the Company's other mineral projects, including those located in Canada, the U.S. and South Korea; the costs of maintaining its mineral project licenses and mineral claims; permitting costs; and general corporate expenses.

As of the date of this MD&A, the Company cannot accurately estimate the total of the aforementioned expenditures.

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

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 Punitaqui, 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 its planned exploration and development activities and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful, and the Financial Statements do not reflect the adjustments to carrying values of assets and liabilities and the reported and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

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Outlook

Chile

Punitaqui is a former producing copper mine located in the Coquimbo region of Chile with more than eight years of operating history within which up to 25 million lbs of copper in concentrate were produced annually. The Company began developing the project by initiating a drill program, operating and environmental permit modifications and conducting engineering studies. The conclusion of the work was summarized as part of a NI 43-101 compliant technical report disclosed by the Company on October 1, 2022. Punitaqui contains 8,693 hectares of concessions. Of these 8,693 hectares, 3,700 hectares are exploration concessions, and 4,993 hectares are exploitation concessions.

Exploration and Infill Drill Program

In October 2022, the Company reported the results of its inaugural NI 43-101-compliant resource estimate for the four underground deposits at Punitaqui of 6.2 million tonnes grading 1.14% Cu in indicated category along with 3.1 million tonnes grading 0.93% Cu in the inferred category. This resource estimate is a major milestone for the Company. The resource estimate is based on our 2021-2022 drill program and also includes the drilling and mining data from the Cinabrio deposit completed by prior operators including Glencore plc.

In late March 2024, an underground drilling program focused on a series of selected targets at the Cinabrio mine and the San Andres resource. The 2024 drill program is designed to confirm resources identified by previous drilling programs and expand these resources along strike and at depth. All holes reached target depth and have intersected the targeted shale horizons that host the copper mineralization. These drill results will be added to the three-dimensional geology and resource models which BMR's mining engineers will use to update the current mine designs and optimize mining schedules.

At San Andres with five holes planned (281.90m). All five holes intercepted the upper and lower shale units within the Targeted Stratigraphic Unit ("TSU"). Three of the holes were designed as infill to confirm the existing modelled resource and aid in mine planning while two holes tested strike extensions of the modelled mineralization. Detailed logging confirmed two zones of pyrite-chalcopyrite mineralization in each of holes. Significant assay intervals reported included Drillhole SAM-24-01: 4.3 meters ("m") at 1.4% ("CuT") total copper and 24 g/t grams per tonne ("Ag") silver, SAM-24-02: 4.0m grading 1.1% Cu & 7.8g/t Ag, SAM-24-04: 3.5m at 1.0% Cu & 23.3g/t Ag and SAM-24-05: 4.3m at 1.2% Cu & 19.2g/t Ag

Upon completion of this initial phase of San Andres, the rig was moved to the Cinabrio Underground. This initial underground Cinabrio drilling targeted three scheduled production areas, the first area being the Level -30 target where 3 drillholes totaling 154.8 meters of diamond core drilling were completed. This drilling confirmed the modelled copper grades and better delineated the extent of the mineralization in the lower shale unit and footwall andesite within and adjacent to the planned extraction area. Assay results from drilling returned with encouraging results as follows: Drillhole CM-24-01: 3.0 meters ("m") at 2.0% ("CuT") total copper and 2.3g/t grams per tonne ("Ag") silver, CM-24-02: 5.7m grading 1.6% CuT & 0.5g/t Ag and CM-24-03: 5.6m at 0.9% CuT & 0.3g/t Ag including 1.9m at 1.9% Cu and 0.4g/t Ag.

The next phase of Cinabrio underground drilling targeted the Level 160 scheduled production area where 4 drillholes totaling 173.6 meters of diamond core drilling were completed. All the four holes were designed to confirm the modelled geology, mineralization and probe the contact zone between the lower mineralized shale unit and the underlying andesites within and adjacent to the planned extraction area. Significant assay intervals reported include CM-24-11: 18.3m grading 2.57% CuT and 10.50g/t Ag including 14.9m at 3.06% CuT & 12.6 g/t Ag, CM-24-12: 9.1m grading 0.87% Cu and 4.90g/t Ag and CM-24-13: 23.1m at 1.97% CuT & 14.0g/t Ag.

To date, the Cinabrio-San Andres underground drill program had resulted in the completion of 31 drillholes / 1,300.4m including 18 holes / 770.2m) at Cinabrio and 13 holes / 530.2m. Drilling is ongoing, and assay results are pending.

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Canada

The Company holds a significant ground position in the Cobalt District Exploration Project located in northeastern of Ontario and northwestern Quebec, Canada, comprised of 3,131 mineral claims and leases covering an aggregate of 55,619.4 hectares in Ontario and 1,813 hectares in Quebec that includes land positions in the Gowganda and Elk Lake historic mining camps. In February 2024, the Company withdrew from the Brady Wilder and Iron Mask Option and completed the return of 47 mining leases and 140 cell claims to the vendor.

The Ontario-Quebec exploration program conducted between 2016 and 2022 included 26,709 line-km of airborne geophysical surveys and 1,324.84 sq-km of LiDAR topography coverage which was followed by 37 ground geophysical surveys (514.64 line-km).

At McAra, the Company completed a multi-faceted exploration program that included geophysical surveys, geochemical sampling and diamond drilling to define a NI 43-101 compliant Measured and Indicated resource of 1,124,000 lbs Co-Eq that includes 1,102,000 lbs of cobalt and 11,260 ounces of silver.

The Company plans to increase the geological knowledge and economic potential of the project through further drilling, resource identification and delineation, metallurgical testing, and NI 43-101 compliant studies.

United States – Mining Exploration

As of the date of this MD&A, the Company owns the Bonanza property in the Idaho Cobalt Belt. The Bonanza project hosts seven mineralized occurrences within an area over 3 kilometers wide and is located immediately adjacent to Jervois Global's Idaho Cobalt Operations mine.

The Company's 2016-2018 exploration program included 550 line-km of airborne magnetics and radiometrics followed by a limited 3-line ground geophysical survey (3,650m) of induced polarization 2D time domain IP. Detailed geological mapping as well as geochemical sampling resulted in the collection of 45 rock grab samples, 712 soil samples and 92 channel samples. This sampling returned; 2m at 2.58% Co, 2.7% Cu, and 1.14 g/t Au, and 1m at 5.51% Co, 1.0% Cu, and 1.28 g/t Au within a section with a weighted average of 0.70% Co, 2.12% Cu, and 0.58 g/t Au over 17m from the central portion of the target area. Five additional 1m intervals yielded assays from 0.25% to 5.0% Co with peak assays of 6.91% Cu and 3.57g/t Au.

South Korea

The Company is reviewing its strategy and formulating plans for the historic flake graphite producing Geuman property.

United States – ESI

ESI continues to experience strong sale and rental demand for its Padding Machines, particularly in the U.S. market. ESI expects that it will continue to experience strong rental demand for the foreseeable future, due to the robust market demand for renewable energy projects.

Disclosure of data for outstanding common shares, stock options and restricted share units

Outstanding Share Data

As of June 30, 2024, the Company has 180,820,296 shares outstanding (December 31, 2023: 180,986,963 shares outstanding). As of the date of this MD&A there are 180,820,296 shares outstanding.

Common Shares

During the six months period ended June 30, 2024, the Company issued 566,668 common shares as a result of the exercise of the same number of restricted share units.

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Stock options

As of June 30, 2024, and as of the date of this MD&A, 8,090,832 stock options were outstanding (December 31, 2023: 9,520,832), of which all were issued to officers, directors, employees, and consultants of the Company. Total stock-based compensation expense for the three months ended June 30, 2024, was \$23,279 (for the three months ended June 30, 2023: \$222,345). Total stock-based compensation expense for the six months ended June 30, 2024, was \$118,253 (for the three months ended June 30, 2023: \$426,688).

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

Restricted share units ("RSUs")

As of June 30, 2024, and as of the date of this MD&A, 3,400,000 RSUs were outstanding (December 31, 2023: 4,300,002). RSUs were issued to officers, directors, employees, and consultants of the Company. The total RSU expense for the three months periods ended June 30, 2024, was \$11,069 (for the three months ended June 30, 2023: \$279,541). The total RSU expense for the six-months ended June 30, 2024, was \$190,872 (for the six months ended June 30, 2023: \$689,351).

Performance share units ("PSUs")

As of June 30, 2024, and as of the date of this MD&A, 1,960,000 PSUs remain outstanding (December 31, 2023: 2,330,000) as 370,000 PSUs were forfeited. 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 total PSU expense for the three months ended June 30, 2024, was \$17,677 (for the three months ended June 30, 2023: \$35,205). The total PSU expense for the six months ended June 30, 2024, was \$98,106 (for the six months ended June 30, 2023: \$35,205).

Off-balance sheet transactions

The Company did not have any off-balance sheet arrangements as at June 30, 2024, December 31, 2023, or as of the date of this MD&A.

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 and MD&A for the year ended December 31, 2023.

Amendments to IAS 1 – Presentation of Financial Statements

On January 1, 2024, the Company adopted the amendments to IAS 1 Presentation of Financial Statements, which addresses the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. As a result of the amendment, the Company's convertible debentures, which were previously reported as non-current liabilities, have been reclassified to current liabilities. The Company has provided all necessary disclosures within the notes to the Financial Statements to be in compliance with the amendments.

Financial instruments and capital management

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.

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Recognition and measurement

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.

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 and 2024 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

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in profit or loss. Transaction costs associated with the issuance of the convertible debentures are fully expensed at inception.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

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

(b) Liquidity risk

Liquidity risk is the exposure of the Company to the risk of being unable to meet its financial obligations as they come due. The Company manages liquidity risk by monitoring, reviewing, and adjusting actual and forecasted cash flows to ensure there are available cash resources to meet these needs. The Company does not currently generate sufficient revenue to fund its planned exploration and development activities and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful.

Contractual cash flow requirements as at June 30, 2024, were as follows:

	year 1	year 2	year 3	year 4	> 4 years	Total
	\$	\$	\$	\$	\$	\$
Loans and borrowings	775,726	891,266	6,211,184	54,950	2,603	7,935,730
Trade payables	8,331,248	-	-	-	-	8,331,248
Income tax payables	3,881,473	-	-	-	-	3,881,473
Lease liability	359,001	413,937	432,734	-	-	1,205,671
Copper prepayment liability	2,266,567	4,533,134	1,770,453	-	-	8,570,155
Other current liabilities	4,152,868	-	-	-	-	4,152,868
Deferred payments on acquisition	1,709,679	1,431,751	1,170,996	-	-	4,312,426
Promissory note	1,027,438	-	-	-	-	1,027,438
Convertible debenture	-	27,398,048	-	-	-	27,398,048
Total	22,504,000	34,668,136	9,585,367	54,950	2,603	66,815,056

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company does not face other price risk. Currency risk and interest rate risk are discussed below.

Currency risk

The Company conducts exploration and evaluation activities in the United States, Canada, South Korea and Chile and is exposed to currency risk due to fluctuations in the exchange rates of foreign currencies. As at March 28, 2024, the Company had foreign currency assets and foreign currency liabilities in United States Dollars ("USD"), Korean Won ("KRW"), and Chilean Pesos ("CLP"). On June 28, 2024, the spot exchange rates to convert 1 USD, 1 KRW and 1 CLP to Canadian dollars were approximately 1.3687, 0.000993, .0014461 and respectively. As of the date of this MD&A, the spot exchange rates to convert 1 USD, 1 KRW and 1 CLP to Canadian dollars were approximately 1.3460, .0010, .0015 respectively. As at June 30, 2024, each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$4,630,064.

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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 the variable rate on the Javelin prepayment and the Fiera loan are a small component of the overall rates. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Commodity price risk

The demand, pricing and terms for ESI's services in-part depends upon the level of expenditures made by renewable energy companies, pipeline companies and other types of customers. Generally, when demand for commodities is high and expectations of future prices of commodities are high, demand for ESI's equipment is high. The converse is also true. The prices for electricity, crude oil and gas have fluctuated during recent years and may continue to be volatile in the future, as such, ESI has some commodity price risk facing it at the present.

The fair values or cash flows associated with the Company's projects will vary due to changes in the prices of commodities including but not limited to the prices of copper, cobalt, graphite and lithium. The Company does not engage in programs to mitigate its exposure to commodity price risk. On June 28, 2024, the spot COMEX copper price was USD\$ 4.28/lb. As of the date of this MD&A, the spot COMEX copper price was approximately USD\$4.14/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 the convertible debentures, the copper prepayment liability, promissory note and other loans and borrowings, as well as equity. As at June 30, 2024, the total capital held by the Company is \$ (December 31, 2023 - \$79,553,327). 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 six months ended June 30, 2024.

Subsequent events

Subsequent to June 30, 2024, the following transactions were finalized:

On July 15, 2024, the Company completed its first shipment of copper concentrates related to the Offtake Agreement with Anglo-American PLC ("Anglo:"), which was signed on February 13, 2024. On July 30, 2024, the Company completed the second shipment of copper concentrates to Anglo. The Company supplied 1,255 dry metric tonnes of copper concentrates to Anglo's Chagres smelter in Catemu, Chile. The copper concentrates were produced from copper slags supplied to the Company by Anglo. The first shipment of copper concentrates were produced at the Company's Punitaqui Project's copper flotation plant and contained 25.98 percent copper, for approximately 288,500 pounds of copper in concentrate. The second shipment contained 24.22 percent copper, for approximately 410,348 pounds of copper in concentrate.

Other risks and uncertainties

The Company is engaged in mineral exploration and development activities which, by nature, are speculative. Through ESI, the Company is also engaged in the sale and rental of Padding Machines.

Due to the high-risk nature of the Company's mineral exploration and development business division, and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a

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highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A under "*Risk Factors related to the Company's Mineral Properties*" and "*Risk Factors related to ESI*". Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company's business, result of operations, financial results, prospects, and price of common shares.

Risk Factors related to the Company's Mineral Properties

Fluctuating Commodity Prices

Historically, copper, gold, silver, cobalt, lithium, graphite and other metals prices have fluctuated widely and are affected by numerous external factors beyond the Company's control, including industrial demand, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative activities, confidence in the global monetary system, the strength of the U.S. dollar (the currency in which metals are generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Metal prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of or any combination of, these factors may result in not receiving an adequate return on invested capital and a loss of all or part of an investment in securities in the Company.

Construction and Start-up of Mines

The success of construction projects and the start-up of mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the commencement of mining operations including the successful completion and commissioning of ore passes, recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with mines could delay or prevent the construction and start-up of mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start-up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the pre-production costs and the ongoing operating costs associated with the development of mines will not be significantly higher than anticipated by the Company. The Company has historically settled its accounts payable in the normal course of business. Any delays in receiving the funding necessary to continue advancing Punitaqui may, in turn, cause the Company to be delayed in settling its accounts payable. Such delays may, individually or in aggregate, cause the Company's estimated timeline for the commencement of operations at Punitaqui to be adversely affected. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Uncertainty of Production Estimates

Future estimates of production for the Company's mining operations are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Company's future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual ore production may vary from estimates for a variety of reasons, including risks and hazards of the

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types discussed above. Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable. Any decrease in production or change to the timing of production or the prices realized for copper and precious metal sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Company's projected cash flow and its ability to use the cash to fund capital expenditures.

Financing Risk

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the prices of copper, gold, silver, cobalt, lithium, graphite and other metals, the performance of the Company, and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted. In addition, failure to comply with covenants under the Company's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which may affect the Company's financial condition.

Nature of Mineral Exploration and Mining

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The operations of the Company are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding, or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, industrial accidents, labor disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, earthquakes, fires, landslides, and other Acts of God. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Estimates of Mineral Resources and Mineral Reserves

Mineral Reserves and Mineral Resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves can be mined or processed profitably. Mineral Reserve and Mineral Resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond

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the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in commodity prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of copper (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed, and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Failure to further develop Punitaqui may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Risks and unknowns inherent in all projects include, but are not limited to: the accuracy of mineral reserve and mineral resource estimates; metallurgical recoveries; geotechnical and other technical assumptions; capital and operating costs of ongoing production of the project; the future price of commodities; environmental compliance regulations and restraints; political climate and/or governmental regulation and control; the accuracy of engineering; the ability to manage large-scale construction and scoping of major projects, including delays, aggressive schedules and unplanned events and conditions. The capital expenditures and time period required to further develop Punitaqui are considerable and changes in costs and market conditions or unplanned events or construction schedules can affect project economics. The Company's ability to maintain licenses to operate Punitaqui is also important to the success of this project. Actual costs and economic returns may differ materially from estimates prepared by the Company, or the Company could fail or be delayed in obtaining all approvals necessary for execution of the project, in which case, the project may not proceed either on its original timing or at all. In addition, Punitaqui may not demonstrate attractive economic feasibility at low commodity prices. The capital costs for Punitaqui may outweigh the Company's capital, financial and staffing capacity and may adversely affect the development of Punitaqui. The inability to further develop Punitaqui could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. Projects also require the successful completion of feasibility studies, the resolution of various fiscal, tax and royalty matters, the issuance of, and compliance with, necessary governmental permits and the acquisition of satisfactory surface or other land rights. It may also be necessary for the Company to, among other things, find or generate suitable sources of water and power for the project, ensure that appropriate community infrastructure is developed by third parties to support the project and to secure appropriate financing to fund these expenditures. It is also not unusual in the mining industry for mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring the investment of more capital than anticipated.

If the Company is not able to obtain additional financing required to advance exploration and development at Punitaqui, it may be required to reduce the scope of its planned business objectives which may have a material adverse effect on its future prospects.

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The Company will have various exploration and development expenditures as it proceeds to expand exploration and development activities at its mineral properties, develop any such properties or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The continued exploration and future development of the Company's exploration and development-stage properties will therefore depend on the Company's ability to obtain the required financing. In particular, any potential development of its projects will require substantial capital commitments, which the Company cannot currently quantify and may not currently have in place. The Company can provide no assurance that it will be able to obtain financing on favorable terms or at all. In addition, the Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the metals & mining industry in particular), the price of copper on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. If the Company is unable to obtain additional financing as needed, it may not be able to move forward with its planned exploration and development activities for Punitaqui. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

No Assurance of Title

The acquisition of title to mineral projects is a detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in its name where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and the Company has a limited ability to ensure that it has obtained secure ownership claims to individual mineral claims. While the Company's intention is to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that the Company will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect. Should the Company be unsuccessful in extending or renewing mineral rights on or prior to expiration of their term, or if the title to any such properties is affected by an unknown title defect, the Company may not have the ability to explore on any such properties, and their value may be impaired.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time-consuming process. The costs and delays associated with obtaining necessary licenses and permits could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development, and mining operations at its mineral projects or that the Company will be able to comply with the conditions of all such necessary licenses and permits in an economically viable manner.

Environmental Regulations and Potential Liabilities

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on

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which the Company holds interests which are unknown at present, and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Infrastructure

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, port facilities, telecommunications, internet, power sources and water supply are important determinants, and affect capital and operating costs to varying degrees. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition, and results of operations.

Availability and Costs of Infrastructure, Energy and Other Commodities

Mining, processing, mine construction and development, capital development projects and exploration activities depend on adequate infrastructure. Reliable access to energy and power sources and water supply are important factors that affect capital and operating costs. If the Company does not have timely access to adequate infrastructure, there is no assurance that it will be able to start or continue exploiting and develop projects, complete them on timely basis or at all. There is no assurance that the ultimate operations will achieve the anticipated production volume, or that construction costs and operating costs will not be higher than estimates calculated. The profitability of the Company's business is also affected by the market prices and availability of commodities and resources which are consumed or otherwise used in connection with the Company's operations and development projects such as diesel fuel, electricity, finished steel, tires, steel, chemicals, and reagents. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain commodities, the Company may decide that it is not economically feasible to engage in production and development activities and this could have an adverse effect on profitability. An increase in worldwide demand for critical resources like input commodities, drilling equipment, mobile mining equipment, tires and skilled labor could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules. Further, the Company relies on certain key third party suppliers and contractors for services, equipment, raw materials used in, and the provision of services necessary for, the development, construction, and continuing operation of its assets. As a result, the Company's activities are subject to a number of risks some of which are outside its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or a contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen event and failure of a

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supplier or contractor to perform under its agreement with the Company. The occurrences of one or more of these events could have a material effect on the business, results of operations and financial condition of the Company.

Dependence on Key Personnel

The Company's success is dependent on a relatively small number of key employees. The loss of one or more of these key employees, if not replaced, could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Third Parties

The Company relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. The Company also relies upon third parties to provide essential contracting services. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed, and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results, and prospects.

Losses from or Liabilities for Risks which are not Insured

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Company's financial position and results of operations. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition and results of operations.

Governmental Regulation

Exploration, development and mining of minerals are subject to extensive federal, state or provincial, and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by third parties, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition, and results of operations of the Company. The costs and delays associated with obtaining necessary licenses and permits and complying with these licenses and permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or licenses and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties, or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. These laws and regulations are administered by various governmental authorities including the federal, state or provincial, and local governments.

Health and Safety

Mining operations generally involve a high degree of risk. Personnel involved in the Company's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The

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Company has implemented various health and safety measures designed to mitigate such risks. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Company and its future operations.

Tax Matters

The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively impact the Company's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Information Technology

A failure or breach of the Company's network systems could corrupt the Company's financial or operational data and may have a material adverse impact on the Company's reputation and results of operations. Major equipment failures, natural disasters including severe weather, terrorist acts, acts of war, cyber-attacks or other breaches of network systems or security that affect computer systems within the Company's network could disrupt the Company's business functions, including the Company's exploration and development activities. The mining industry has become increasingly dependent on digital technologies. Mines and mills are automated and networked, and the Company relies on digital technologies to conduct certain exploration, development, production, processing and other activities. The mining industry faces various security threats, including cyber-security threats. Such attacks are increasing and include malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions to critical systems, unauthorized release of confidential information and corruption of data. A cyber-attack could negatively impact the Company's operations. A corruption of the Company's financial or operational data or an operational disruption of the Company's infrastructure could, among other potential impacts, result in: accidental discharge; expensive remediation efforts; distraction of management; damage to the Company's reputation or its relationship with customers, vendors and employees; or events of noncompliance, which events could lead to regulatory fines or penalties. Any of the foregoing could have a material adverse impact on the Company's reputation, profitability, future cash flows, earnings, results of operations and financial condition.

Labor Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified miners and hiring and training new miners could materially adversely affect the Company's business. This would have a negative effect on the Company's business and results of operations which might result in the Company not meeting its business objectives.

Competition

There is significant competition in the base and precious metals mining industries for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labor to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to

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recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (British Columbia) to disclose the conflict of interest and to abstain from voting on the matter.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The Israeli war with Hamas may also have a destabilizing effect on commodity prices and global economies. The extent and duration of the Russia-Ukraine conflict and the Israeli war with Hamas and any related international actions cannot be accurately predicted at this time and the effects of such conflicts may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in, or incorporated by reference in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

Global Pandemics

Though work at the Company's properties is continuing with no significant interruptions to date, the Company may nonetheless be impacted at any time by a global pandemic outbreak, as well as related governmental regulations, restrictions and other measures and business disruptions due to the impact of same on third parties with whom the Company is associated or does business. The Company complies with all federal, provincial or state, and local

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governmental regulations concerning pandemics. While the majority of our employees and contractors are currently operating following the contagion prevention measures that have been put in place, the ever-changing nature of the situation may have a material adverse impact on the Company as it could result in delays and increased costs. In addition, government authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities.

Alternatively, in the event of an outbreak at any of the Company's projects, government authorities, either federally or locally, or the Company could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. A complete suspension of operations could result in delays, result in additional increases in costs and have a material adverse effect on the financial position of the Company. If authorities were to impose a suspension order caused by a virus outbreak, or if there is a full suspension of activities at any of our project sites for an undefined period of time there could be additional medical and other costs to be incurred, project delays, and cost overruns. Moreover, the actual and threatened further spread of any global pandemic could continue to negatively impact stock markets, including the trading price of the Company's common shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive and could result in any operations affected becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

Risk Factors related to ESI

Competition

The industry in which ESI operates is competitive and ESI competes with a substantial number of companies which may have more equipment and personnel as well as greater financial resources. ESI's ability to generate revenue and earnings depends primarily upon its ability to secure new and repeat business. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of ESI or that new or existing competitors will not enter the various markets in which ESI is active. In certain aspects of its business, ESI also competes with several small and medium-sized companies, which, like ESI, have certain competitive advantages such as low overhead costs and specialized strengths. In addition, reduced levels of activity in the oil and natural gas industry can intensify competition and may result in lower revenue for ESI.

Excess Equipment Levels in the Industry

Due to the long-life nature of service equipment and the long delivery time for equipment being manufactured, the quality of equipment available does not always correspond with the demand for its use. Periods of high demand often lead to increases in capital expenditures, which in turn lead to increased supply and decreased demand. Such increases in supply often lead to downward pricing pressures across the industry which could materially impact the ESI's profitability. Additionally, ESI could fail to secure sufficient work in which to employ its equipment, which could have a material adverse effect on its business, results of operations, financial conditions, and cash flows.

Third Party Credit Risk

ESI assesses the creditworthiness of its customers on an ongoing basis and monitors the amount and age of balances outstanding. ESI views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance. During times of weak economic conditions, the risk of increased payment delays and default increases due to reductions in customers' cash flows. Failure to collect accounts receivable from customers could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows. ESI generally grants unsecured credit to its customers; however, it evaluates all new customers, as appropriate, and analyzes and reviews the financial health of its current customers. Management has

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assessed the customers as creditworthy and ESI has had no history of collection issues with its customers, however, the inability for ESI's customers to meet their financial obligation to ESI could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Sources, Pricing and Availability of Equipment and Equipment Parts

ESI sources its equipment and equipment parts from a variety of suppliers. Failure of suppliers to deliver supplies and materials in a timely and efficient manner would be detrimental to ESI's ability to maintain levels of service to its customers. ESI attempts to mitigate this risk by maintaining good relations with key suppliers. However, if the current suppliers are unable to provide the supplies and materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of equipment to ESI's clients could have a material adverse effect on its results of operations and financial condition.

Liquidity Risk

Liquidity risk is the risk that ESI will not be able to meet its financial obligations as they fall due. ESI's approach to managing liquidity is to continually monitor its financial resources to provide sufficient liquidity to meet its liabilities when due. ESI's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating, and authorizing project expenditures, and authorization of contractual agreements. ESI seeks to manage its financing based on the results of these processes.

Reliance on Key Personnel

The success of ESI is dependent upon its key personnel. Any loss of the services of such persons could have a material adverse effect on the business and operations of ESI. ESI's ability to provide dependable and quality equipment is dependent on its ability to hire and retain a dedicated and quality pool of employees. ESI strives to retain employees by providing a safe working environment, competitive wages and benefits, and an atmosphere in which all employees are treated equally regarding opportunities for advancement. The unexpected loss of key personnel or the inability to retain or recruit skilled personnel could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows.

Seasonality

In North America, the level of activity in the renewable and conventional energy industries is influenced by seasonal weather patterns. The demand for equipment sales and rentals may be affected by the severity of weather. For example, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows.

Income Tax Risk

ESI has risks for income tax matters, including any unanticipated tax and other expenses and liabilities of ESI. ESI must file tax returns in the jurisdictions in which it operates. The tax laws and the prevailing assessment practices are subject to interpretation and the authorities may disagree with the filing positions adopted by ESI. The impact of any challenges cannot be reliably estimated and may be significant to the financial position or overall operations of ESI.

Disclosure controls and procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited consolidated financial statements for the three and six month period ended June 30, 2024, and this accompanying MD&A.

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In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

For the disclosure required under Section 5.3 of National Instrument 51-102 – Continuous Disclosure Obligations, see sections “*Exploration Activities*”, and “*Exploration and Evaluation Expenditures*”.

Forward looking statements

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company’s plans, objectives, and budgets may differ materially from actual results and as such should not be unduly relied upon by investors. Forward-looking statements contained in this MD&A speak only as to the date of this MD&A, or such other date as may be specified herein, and are expressly qualified in their entirety by this cautionary statement. See additional discussion under “*Other risks and uncertainties*” section above.