BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2024
(Unaudited)

(Expressed in Canadian Dollars)

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)
As at

	Note		June 30, 2024		December 31, 2023
ASSETS					
Current assets					
Cash		$	**1,821,217**	$	888,141
Receivables	3		**4,615,198**		4,640,831
Prepaids			**1,537,904**		383,780
Total current assets			**7,974,319**		5,912,752
Non-current assets					
Property, plant and equipment	4		**48,654,344**		49,756,603
Intangible assets			**157,172**		160,734
Exploration and evaluation assets	5		**60,774,275**		54,203,338
Deferred tax asset			**203,628**		196,770
Income tax receivable			**1,393,986**		1,393,986
Total non-current assets			**111,183,405**		105,711,431
TOTAL ASSETS		$	**119,157,724**	$	111,624,183
LIABILITIES					
Current liabilities					
Trade and other payables	6	$	**9,934,645**	$	6,545,534
Income taxes payable			**3,881,473**		3,958,002
Current portion of lease liability			**359,001**		322,583
Current portion of loans and borrowings	11		**775,726**		732,424
Convertible debenture	12		**27,398,048**		24,869,560
Promissory note	13		**1,027,438**		-
Current portion of deferred payments on acquisition	8		**1,709,679**		1,768,047
Current portion of copper prepayment liability	9		**1,099,554**		-
Deferred revenue			**419,128**		361,809
Total current liabilities			**46,604,692**		38,557,959
Non-current liabilities					
Lease liability			**846,670**		996,752
Deferred payments on acquisition	8		**2,618,477**		3,302,633
Loans and borrowings	11		**7,160,004**		1,865,560
Copper prepayment liability	9		**6,017,548**		
Asset retirement obligation	10		**7,552,975**		10,317,746
VAT liability	7		**4,152,868**		3,614,106
Income tax provision			**883,644**		883,644
Total non-current liabilities			**29,232,186**		20,980,441
TOTAL LIABILITIES			**75,836,878**		59,538,400
EQUITY					
Share capital	14		**64,515,301**		64,184,967
Contributed surplus	14		**22,817,299**		22,740,403
Accumulated other comprehensive loss			**(5,032,667)**		(3,508,445)
Deficit			**(38,979,087)**		(31,331,142)
TOTAL EQUITY			**43,320,846**		52,085,783
TOTAL LIABILITIES AND EQUITY		$	**119,157,724**	$	111,624,183

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

Nature of operations and going concern	1
Subsequent events	18

Approved on behalf of the Board:

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Note	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
REVENUE					
Sales	15	**$ 4,263,619**	$ 2,575,700	**$ 7,425,012**	$ 5,300,733
EXPENSES					
Cost of sales		**592,759**	234,673	**970,433**	579,623
Depreciation of equipment	4	**741,125**	697,699	**1,468,849**	1,397,044
Impairment of exploration and evaluation assets	5	**-**	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
Restricted share units expense	14	**11,069**	279,541	**190,872**	689,351
Performance share units expense	14	**17,677**	35,205	**98,106**	35,205
General and administration		**3,363,487**	918,374	**6,337,045**	2,265,090
Stock option expense	14	**23,279**	222,345	**118,253**	426,688
Loss from operations		**(2,365,271)**	(1,874,125)	**(5,784,541)**	(3,977,496)
Finance costs	9,10,11	**(1,045,374)**	(769,518)	**(1,489,376)**	(1,461,698)
Foreign exchange gain (loss)		**183,253**	(924,446)	**182,805**	(574,609)
Loss on remeasurement of convertible debentures	12	**(168,710)**	-	**(648,816)**	-
Other income		**44,308**	23,773	**92,939**	86,378
Loss before taxes		**$ (3,351,794)**	$ (3,544,316)	**$ (7,646,989)**	$ (5,927,425)
Income taxes					
Current Income tax expense		**-**	-	(956)	-
Loss for the period		**(3,351,794)**	(3,544,316)	**(7,647,945)**	(5,927,425)
Currency translation adjustment		**1,465,974**	(2,669,691)	**(1,524,222)**	314,514
Comprehensive (loss) gain for the period attributable to common shareholders		**$ (1,885,820)**	$ (6,214,007)	**$ (9,172,167)**	$ (5,612,911)
Loss per share					
Basic and diluted loss per ordinary share		**$ (0.02)**	$ (0.02)	**$ (0.04)**	$ (0.03)
Basic and diluted weighted average number of ordinary shares outstanding		**180,986,963**	184,397,491	**180,842,601**	183,448,811

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars, except where indicated)

	# of shares issued	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		$	$		$	$
Balance at December 31, 2022	**171,705,612**	**60,952,703**	**24,195,021**	**(639,050)**	**(20,020,096)**	**64,488,578**
Performance share units expense (Note 14)	-	-	243,938	-	-	243,938
Restricted share units expense (Note 14)	-	-	1,232,375	-	-	1,232,375
Stock based compensation (Note 14)	-	-	683,703	-	-	683,703
Convertible debenture (extinguished) interests payments	5,217,186	830,037	(22,502)	-	-	807,535
Convertible debenture extinguishment - equity portion	-	-	(1,189,905)	-	1,189,905	-
Restricted share units - vested and exercised	3,497,497	2,402,227	(2,402,227)	-	-	-
Loss for the year	-	-	-	-	(12,500,951)	(12,500,951)
Currency translation adjustment	-	-	-	(2,869,395)	-	(2,869,395)
Balance at December 31, 2023	**180,420,295**	**64,184,967**	**22,740,403**	**(3,508,445)**	**(31,331,142)**	**52,085,783**
Performance share units expense (Note 14)	-	-	98,106	-	-	98,106
Restricted share units expense (Note 14)	-	-	190,872	-	-	190,872
Stock based compensation (Note 14)	-	-	118,253	-	-	118,253
Restricted share units - vested and exercised	400,001	330,334	(330,334)	-	-	-
Loss for the period	-	-	-	-	(7,647,945)	(7,647,945)
Currency translation adjustment	-	-	-	(1,524,222)	-	(1,524,222)
Balance at June 30, 2024	**180,820,296**	**64,515,301**	**22,817,299**	**(5,032,667)**	**(38,979,087)**	**43,320,847**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the period	$ (7,647,945)	$ (5,927,425)
Items not affecting cash:		
Accretion	981,455	1,232,536
Depreciation	1,468,849	1,397,044
Impairment of exploration and evaluation assets	3,626	9,993
Restricted share units expense	190,872	689,351
Stock option expense	118,253	426,688
Performance share units expense	98,106	35,205
Loss on finance lease termination	6,715	-
Loss on remeasurement of convertible debenture	648,816	-
Unrealized foreign exchange	(182,805)	574,609
Changes in non-cash working capital items:		
Inventory	(22,552)	117,277
Receivables	1,057,273	516,952
Prepaid expenses	(4,429)	(134,846)
VAT liability	(1,080,870)	-
Trade and other payables	3,240,667	815,893
Income taxes payable	(90,631)	(285,227)
Deferred revenue	42,397	254,288
Other current assets	(242,031)	(192,779)
Other current liabilities	-	(127,264)
Other non-current assets	2,799,960	-
Other non-current liabilities	(3,754,413)	(962,277)
Net cash used in continuing operating activities	(2,368,687)	(1,559,982)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets - Punitaqui	(7,468,144)	(4,924,120)
Exploration and evaluation assets - other	(184,312)	(214,905)
Acquisition of property, plant and equipment - Punitaqui	(200,105)	-
Other acquisition of property, plant and equipment	(3,880,421)	(1,335,982)
Purchase of intangible assets	(6,062)	(16,676)
Changes in non-cash working capital items:		
Trade and other payables	-	(9,823)
Net cash used in investing activities	(11,739,044)	(6,501,506)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Proceeds from new convertible debenture	1,879,672	-
Proceeds from copper prepayment	7,013,161	-
Proceeds from loans and borrowings	7,582,384	132,659
Proceeds from promissory note	1,027,200	6,573,482
Repayment of long term debt	(2,493,802)	(433,286)
Net cash provided by financing activities	15,008,615	6,272,855
Effects of exchange rate changes on cash and cash equivalents	32,192	(350,758)
Change in cash during the period	933,076	(2,139,389)
Cash, beginning of the period	888,141	4,254,172
Cash, end of the period	$ 1,821,217	$ 2,114,783
Supplementary cash flow information:		
Interest paid	(440,175)	(133,445)
Interest received	97,840	76,076
Income taxes paid	(91,587)	(8,756)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Battery Mineral Resources Corp. (the “Company” or “BMR”) was incorporated on November 26, 2019 under the laws of British Columbia, Canada. The Company's registered office and principal place of business is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3. Trading of the Company’s common shares on the TSX Venture Exchange (“TSXV”) commenced on February 22, 2021, under ticker “BMR”.

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

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

The Company also holds a 100% interest in ESI Energy Services Inc. (“ESI”), a company in the business of selling and leasing backfill separation machines ("Padding Machines") to mainline pipeline contractors, renewables and utility construction contractors, as well as oilfield pipeline and construction contractors.

At June 30, 2024, the Company had a working capital deficiency of $38,630,372 (December 31, 2023 – working capital deficiency of $32,645,206), see Amended IFRS standard effective January 1, 2024 for further changes effecting working capital. For the six months ended June 30, 2024, the Company recorded a net loss of $7,646,989 (June 30, 2023 - $5,927,425). For the six months ended June 30, 2024, the Company recorded net cash outflow used in operating activities of $2,368,687 (June 30, 2023 – outflow from operating activities $1,559,982).

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements for the three and six months ended June 30, 2024 ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

These consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2024.

Basis of presentation

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

Functional and presentation currency

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

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

Basis of consolidation

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

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

2. BASIS OF PREPARATION (cont'd…)

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

Critical estimates, judgements and assessments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS Accounting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Areas of judgment that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2023.

Summary of accounting policies

The accounting policies, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the annual financial statements for the year ended December 31, 2023, except for the adoption of amendments to IAS 1 as further described below.

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2. BASIS OF PREPARATION (cont'd…)

Amended IFRS standard effective January 1, 2024

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. In addition, the amendments clarify that: (a) classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (b) classification is unaffected by management's intentions or expectations about whether the Company will exercise its right to defer settlement; (c) if the Company's right to defer settlement is subject to the Company complying with specified conditions, only conditions with which the Company must comply on or before the reporting date affect the classification of a liability as current or non-current; (d) the term settlement refers to a transfer that extinguishes the liability and such transfer could be made in cash or other assets including the Company's own equity instruments. Furthermore, the amendments confirm that when the terms of the liability allow for settlement by the Company's own equity instruments at the option of the counterparty, settlement using the Company's own equity instruments is not considered in determining the classification of the liability. To meet this exception, the conversion option must have been separated from the liability and classified as an equity instrument in the financial statements of the Company. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024.

The Company closed two tranches of senior secured convertible debentures in 2023 while exchanged the then existing bridge loan, promissory note and previously issued convertible debt into the new senior secured convertible debentures, as further described in Note 13 of these Financial Statements. The convertible debenture contains a conversion feature which is classified as a derivative financial liability on the statement of financial position. In applying the definition of settlement, it is clear that the Company does not have the right to defer settlement of the convertible debentures for more than twelve months after the reporting date, as the holders can demand settlement of the liability in shares at any time in a manner that would extinguish the liability. Furthermore, as the settlement would be through the exercise of each holders right to convert the loan to the Company's equity under a conversion option that was classified as a liability on inception and not an equity instrument, the Company does not meet the exception criteria described above and would consider the settlement by transfer of the Company's own equity instrument to be an extinguishment of the liability. As a result, the convertible debentures, including the conversion features classified as derivative liabilities, both of 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.

Thereby, the Company adopted the amendments on the effective date applying the amendments retrospectively. Certain amounts in the comparative period have been reclassified to reflect the retrospective application. Application of the amendments in the comparative period resulted in an increase in current liabilities of $24.9 million and a corresponding decrease in non-current liabilities of $24.9 million, due to the Company's convertible debenture reclassified from long-term debt to short-term, as at December 31, 2023

(Unaudited, Expressed in Canadian Dollars)

3. RECEIVABLES

	30-Jun-24	31-Dec-23
Accounts receivable	**$ 2,059,076**	$ 2,820,187
Finance lease receivable	**604,664**	535,439
Sales or value added tax receivables	**1,951,458**	1,285,205
Total	**$ 4,615,198**	$ 4,640,831

4. PROPERTY PLANT AND EQUIPMENT

	Land and Buildings	Plant and Mining equipment	Padding equipment	Spare parts	Motor vehicles	Computer equipment	Office equipment	Right-of-use assets	Total
Cost									
At December 31, 2022	$ 9,406,662	$ 28,133,603	$ 37,925,523	$ 3,015,314	$ 19,547	$ 108,469	$ 30,846	$ 542,414	$ 79,182,378
Additions	270,705	(109,641)	2,842,484	310,334	-	320,791	-	-	3,634,673
Impairment	-	-	-	(1,783,331)	-	-	-	-	(1,783,331)
Disposals	(24,287)	(91)	(1,022,662)	(50,885)	-	-	-	-	(1,097,925)
Foreign currency translation adjustment	(407,098)	(1,322,128)	(740,342)	(40,784)	(19,547)	(27,481)	(4,533)	(10,515)	(2,572,428)
At December 31, 2023	**$ 9,245,982**	**$ 26,701,743**	**$ 39,005,003**	**$ 1,450,648**	**$ -**	**$ 401,779**	**$ 26,313**	**$ 531,899**	**$ 77,363,367**
Additions	2,816	2,038,919	1,193,210	1,137,149	-	182,772	-	-	4,554,866
Impairment	-	-	-	-	-	-	-	-	-
Disposals - Asset retirement obligation	-	(2,632,785)	-	-	-	-	-	-	(2,632,785)
Disposals	(339,938)	-	(471,182)	(36,360)	-	-	-	-	(847,480)
Foreign currency translation adjustment	(323,931)	(1,277,240)	1,188,155	165,545	-	(22,367)	(2,062)	15,245	(256,655)
At June 30, 2024	**$ 8,584,929**	**$ 24,830,637**	**$ 40,915,186**	**$ 2,716,982**	**$ -**	**$ 562,184**	**$ 24,251**	**$ 547,144**	**$ 78,181,313**
Accumulated depreciation									
At December 31, 2022	$ (1,008,366)	$ -	$ (24,892,541)	$ -	$ (17,285)	$ (4,028)	$ (26,409)	$ (144,799)	$ (26,093,428)
Depreciation	(90,205)	(900)	(2,697,578)	-	-	(11,332)	(881)	(87,844)	(2,888,740)
Disposals	17,184	-	778,089	-	-	-	-	-	795,273
Foreign currency translation adjustment	19,337	(81)	538,112	-	17,285	608	1,929	2,941	580,131
At December 31, 2023	**$ (1,062,050)**	**$ (981)**	**$ (26,273,918)**	**$ -**	**$ -**	**$ (14,752)**	**$ (25,361)**	**$ (229,702)**	**$ (27,606,764)**
Depreciation	(29,118)	(5,006)	(1,379,189)	-	-	(7,120)	(220)	(45,428)	(1,466,081)
Disposals	83,034	-	283,487	-	-	-	-	-	366,521
Foreign currency translation adjustment	(26,398)	-	(791,135)	-	-	568	1,369	(5,049)	(820,645)
At June 30, 2024	**$ (1,034,532)**	**$ (5,987)**	**$ (28,160,755)**	**$ -**	**$ -**	**$ (21,304)**	**$ (24,212)**	**$ (280,179)**	**$ (29,526,969)**
Carrying amounts									
At December 31, 2023	$ 8,183,932	$ 26,700,762	$ 12,731,085	$ 1,450,648	$ -	$ 387,027	$ 952	$ 302,197	$ 49,756,603
At June 30, 2024	**$ 7,550,397**	**$ 24,824,650**	**$ 12,754,431**	**$ 2,716,982**	**$ -**	**$ 540,880**	**$ 39**	**$ 266,965**	**$ 48,654,344**

As at June 30, 2024, included in padding equipment were assets under construction with a cost of $690,737 (December 31, 2023 - $394,917). No depreciation was recorded for assets under construction. There were no impairment charges recognized on property and equipment during the six months ended June 30, 2024 (December 31, 2023 - nil).

As at June 30, 2024, certain property, plant and equipment in the amount of $24,368,258 (December 31, 2023 - $26,805,234) is related to the development of the Punitaqui Project and has not been put into use and therefore depreciation has not commenced on these assets.

(Unaudited, Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

The following table represents expenditures incurred on the exploration and evaluation assets for the six months ended June 30, 2024, and for the year ended December 31, 2023:

	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**

Chile Copper Project

Punitaqui Mining Complex, Chile

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

The Punitaqui Project includes a centralized process plant. The Punitaqui Project is a past producing mining operation which consists of an integrated copper and gold mining complex including all required infrastructure and sources of water and power. The copper-gold process plant that is classified as property, plant and equipment consists of a standard copper sulphide crush-grind-flotation circuit to produce a marketable copper-gold concentrate. The Company is currently modifying its existing tailings disposal permit while consolidating its various exploitation permits.

6. TRADES AND OTHER PAYABLES

		30-Jun-24		31-Dec-23
Trade payables	**$**	**8,544,168**	$	4,579,419
Accrued liabillities		**1,390,476**		1,966,115
Total	**$**	**9,934,644**	$	6,545,534

(Unaudited, Expressed in Canadian Dollars)

7. VAT LIABILITY

Following the acquisition of the Punitaqui Project, the Company filed an application with, and received approval from, the Chilean Ministry of Economy, Development and Tourism (the "Ministry of Economy") to participate in a VAT-recovery program set in place by the Chilean government to incentivize Chilean exports (the "VAT Program"). The VAT Program allows the Company to recover the VAT paid on goods and services purchased by the Company, in advance of achieving agreed-upon amounts of to-be-exported mineral concentrates. As of June 30, 2024, the Company recovered $4,713,502 (December 31, 2023 - $3,925,430) under the VAT Program.

As part of the VAT Program, the Company issued, to the Chilean Treasury Department, promissory notes for the same amount of the VAT Recovered. The Promissory Notes guarantee the VAT recovered in case the Company is not able to demonstrate to the Ministry of Economy that it has exported mineral concentrates having a minimum value of USD$35,100,000 (the "Export Value"), by December 31, 2023. The Company did not achieve the Export Value by December 31, 2023. However, in October 2023, the Company filed a request (the "Request"), with the Ministry of Economy, to extend the deadline to demonstrate the Export Value. On November 29, 2023, the Ministry of Economy approved the Request and extended the deadline for the Company to demonstrate that it will meet the minimum mineral concentrates export value to December 31, 2025. In addition, the Ministry of Economy also increased the minimum export value toUSD$37,180,000.

Due to the extension of the deadline to repay the Ministry of Economy to December 31, 2025, the Company applied the discounted cash flow model to the existing total VAT liability to arrive at the corresponding present value. As at June 30, 2024, the total VAT recovery was discounted using the Company's discount rate of 14.14% to arrive at the present value of $4,152,868 and was recorded as a non-current liability to be repaid on December 31, 2025.

8. DEFERRED PAYMENTS ON ACQUISITION

		30-Jun-24		31-Dec-23
Deferred payment at beginning of the period	$	**5,070,680**	$	5,899,791
Payments during the period		**(837,912)**		(966,939)
Accretion expense		**263,448**		608,939
Currency translation adjustment, net of foreign currency impact		**(168,060)**		(188,402)
Modification gain		**-**		(282,709)
Deferred payments at end of the period	$	**4,328,156**	$	5,070,680
Current		**(1,709,679)**		(1,768,047)
Long term		**2,618,477**		3,302,633

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

On September 28, 2023, the Company amended the timing of the deferred payments on the acquisition of the Punitaqui Project by postponing the quarterly payments due on September 30, 2023 and December 31, 2023 to March 31, 2027 and June 30, 2027, respectively. The Company recalculated the present value of the amended deferred payments schedule using a discount rate of 11% and recorded a reduction to the deferred payments liability with a credit to gain on debt modification of $282,709 on September 30, 2023.

The undiscounted payments remaining as at June 30, 2024 was $5,129,036 (December 31, 2023 - $6,188,163), while the discounted deferred payments remaining as at June 30, 2024 was $4,312,426 (December 31, 2023 - $5,070,680).

(Unaudited, Expressed in Canadian Dollars)

9. COPPER PREPAYMENT LIABILITY

		30-Jun-24		31-Dec-23
Balance at the beginning of the period	$	-	$	-
Prepayment received		6,775,000		-
Accrued interest		272,993		-
Foreign currency translation adjustment		69,110		
Balance at the end of the period		**7,117,103**		**-**
Less: current portion		(1,099,554)		-
Long-term portion	**$**	**6,017,549**	**$**	**-**

During the first quarter of 2024, the Company entered into a marketing agreement, a master purchase and sale agreement, a copper concentrate prepayment, an advance payment terms arrangement, and other supporting agreements (collectively, the “Javelin Agreements”) with a subsidiary of Javelin Global Commodities (“Javelin”). Pursuant to the Javelin Agreements, Javelin intends to market the copper concentrate, gold, silver, and other metals, (“Product”), produced at the Company’s Punitaqui Project. Pursuant to the copper concentrate pre-payment, Javelin loaned to Minera BMR SpA an amount of USD$5,000,000. The advance payment terms arrangement is in respect of shipments of Product delivered from time to time, and can be drawn by Minera BMR SpA in an amount of up to USD$20,000,000. Minera BMR SpA received the copper concentrate prepayment amount of USD$5,000,000 from Javelin on March 8, 2024. As of [ ], Minera BMR SpA had not made any draws pursuant to the advance payment terms arrangement.

The copper concentrate prepayment amount is due to be repaid to Javelin by the Company on or before December 31, 2026, through the delivery of copper concentrate or in cash. The outstanding balance of the prepaid amount will be subject to an advance payment fee chargeable from the date of the advance until the prepaid amount is reduced to zero, at a rate equal to the three-month SOFR (subject to a SOFR floor of 2%) plus 7% per annum. The Company has guaranteed to deliver 9,000 metric tonnes of copper concentrate or the cash equivalent for any shortfall every quarter, starting on January 1, 2025. In addition, the Company will also provide Javelin with a fixed discount of USD$92 per metric tonne of concentrate.

The early repayment option, variable interest rate and interest rate floor from the Javelin Agreement terms above represent three embedded derivatives that are closely related to the host contract. As a result, following initially recognizing the pre-payment amount as a financial liability at its fair value, the Company subsequently elected to measure the pre-payment amount received from Javelin at amortized cost at an effective interest rate of 12.61%.

As at June 30, 2024, the current portion of the Javelin copper concentrate pre-payment liability is $1,099,554 (December 31, 2023 - $nil), while the long-term portion is $6,017,549 (December 31, 2023 - $nil). Interest accrued during the six months ended June 30, 2024, is $272,993 (six months ended June 30, 2023 - $nil).

10. ASSET RETIREMENT OBLIGATION

		30-Jun-24		31-Dec-23
Balance at the beginning of the period	$	**10,317,746**	$	10,918,524
Changes in estimates		**(2,632,786)**		(813,670)
Accretion expense		**232,224**		235,032
Foreign currency translation adjustment		**151,994**		530,164
Currency translation adjustment		**(516,203)**		(552,304)
Balance as June 30, 2024	$	**7,552,975**	$	10,317,746

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

On February 8, 2024, the Company received the approval of the updated mine closure plan and budget for the Punitaqui Project from Chilean mining authorities. The newly approved costs as well as timing associated with carrying out the required mine reclamation and closure activities have been incorporated in the model the Company uses to estimate its asset retirement obligations.

The estimated undiscounted cash flows required to satisfy the reclamation and closure cost obligation as at June 30, 2024, were $10,570,871 (December 31,2023 – $13,663,630). The undiscounted cash flows were discounted using the ten-year Government of Chile Benchmark Bond rate of 2.84% for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of $7,552,975 (December 31, 2023 - $10,317,746). The foreign currency translation adjustment from UF to Chilean pesos for the six months ended June 30, 2024 was $151,994 (six months ended June 30, 2023 - $323,791), while the cumulative translation adjustment from Chilean pesos to the Company's reporting currency (Canadian Dollar) for the six months ended June 30, 2024 was $516,203 (six months ended June 30, 2023 - $427,019).

(Unaudited, Expressed in Canadian Dollars)

11. LOANS AND BORROWINGS

		30-Jun-24		31-Dec-23
Finance agreements	$	7,935,730	$	2,597,984
Total loans and borrowings		**7,935,730**		**2,597,984**
Less: current portion		(775,726)		(732,424)
Long-term portion	$	**7,160,004**	$	**1,865,560**

Fiera Enhanced Private Debt Fund Credit Agreement

		30-Jun-24		31-Dec-23
Balance at the beginning of the period	$	-	$	-
Loan proceeds during the period		8,000,000		-
Transaction costs		(417,616)		-
Accretion expense		34,801		-
Payments during the period		(104,632)		-
Balance at the end of the period		**7,512,553**		**-**
Less: current portion		(654,063)		-
Long-term portion	$	**6,858,490**	$	**-**

On March 8, 2024, the Company's subsidiary ESI entered into an $8,000,000 credit agreement with Fiera Enhanced Private Debt Fund ("Fiera", together "Fiera Loan"). The Fiera Loan bears a float interest rate that equals the prime rate plus an applicable margin and will mature on the third anniversary of the agreement. Monthly payments of $87,463 commenced on April 15, 2024. The Company drew a first advance of $5,000,000 during the first quarter of 2024 and utilized the net proceeds towards the restart of its Punitaqui Project in Chile. During the three months ended June 30, 2024, the Company completed the final drawdown of $3,000,000 from the Fiera Loan. The Company has utilized partial proceeds from the final drawdown to extinguish an existing indebtedness. Total transaction costs of $417,616 were incurred and will be amortized over the term of the Fiera Loan.

As at June 30, 2024, the Fiera Loan is measured at amortized cost with an interest rate of 11.7%. The current portion of the Fiera Loan is $654,063 (December 31, 2023 - $nil), while the long-term portion is $6,858,490 (December 31, 2023 - $nil). Total interest expenses incurred as at June 30, 2024 totaled $181,296 (December 31, 2023 - $nil), while total payments of $104,632 were made during the six months ended June 30, 2024 (December 31, 2023 - $nil).

Other finance agreements

All other finance agreements were undertaken by the Company's subsidiaries, ESI Energy Services Inc. and Ozzie's Inc. and include five US Dollar denominated loans outstanding as of June 30, 2024, relating to the purchase of three compact track loaders, one vehicle and one excavator that were financed through dealers in 2022 through 2023. These loans have terms ranging from four to five years with varying rates of interest up to 7.62%.

(Unaudited, Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES

On October 17, 2023, the Company announced a private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "New Debentures") for total gross proceeds of up to USD$6,000,000. Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately USD$15,400,000 in New Debentures to the holders of previous indebtedness, which included the Bridge Loan, Promissory Note, and the 2022 convertible debentures, as part of a comprehensive debt consolidation to simplify the Company's capital structure and extend the Company's near-term debt maturities.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the New Debentures for gross proceeds of USD$1,370,000. Concurrently, the Company also issued USD$15,408,039 in New Debentures to 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 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, the total New Debentures were valued at $27,398,048 and classified as a current liability (December 31, 2023 - $24,869,560). During the six months ended June 30, 2024, the Company recognized a loss of $640,537 (six months ended June 30, 2023 - $nil) 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	*Observable - Level 2*		
	Risk-free rate	**3.950%**	3.723%
	Foreign exchange rate (USD:CAD)	**1.3687**	1.3226
	Unobservable - Level 3		
	Volatility	**105.6%**	96.3%
	Credit spread	**10.19%**	6.62%

(Unaudited, Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES (cont'd…)

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 Debentures 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:

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)

13. PROMISSORY NOTE

		30-Jun-24		31-Dec-23
Principal amount	**$**	**1,026,525**	$	-
Interest accrued		**913**		-
Total	**$**	**1,027,438**	$	-

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. As of June 30, 2024, the total interest accrued under the promissory note is $913.

(Unaudited, Expressed in Canadian Dollars)

14. SHARE CAPITAL

a) Authorized share capital

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

b) Share issuances

During the six months ended June 30, 2024, the Company:

i. Issued 566,668 common shares that were related to the vested restricted stock units.

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

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

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

c) Restricted stock units

The Company adopted the restricted share units plan ("RSU's") to allow the Board of Directors to grant its officers, directors, and consultants of the Company non-transferable share units based on fair value of the units at the date of grant. The awards vest over a one- or three-year period and expire after eight years. The total RSU expense for the six months ended June 30, 2024, was $190,872 June 30, 2023: $ 689,351). There were no restricted stock units granted during the six months ended June 30, 2024.

Movements in the number of restricted share units outstanding are as follows:

	RSU
Outstanding at December 31, 2022	7,697,499
Granted	100,000
Excercised	(3,497,497)
Outstanding at December 31, 2023	4,300,002
Excercised	(566,668)
Forfeited	(333,334)
Outstanding at June 30, 2024	3,400,000

(Unaudited, Expressed in Canadian Dollars)

14. SHARE CAPITAL (cont'd…)

d) Stock options

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

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

	Options	Weighted average excercise price
Outstanding at December 31, 2022	9,383,332	0.74
Granted	350,000	0.43
Expired	(212,500)	0.20
Outstanding at December 31, 2023	9,520,832	0.74
Forfeited	(1,430,000)	0.74
Outstanding at June 30, 2024	8,090,832	0.74

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock options. The expected volatility assumption inherent in the pricing model is based on the historical volatility of comparable companies over a term equal to the expected term of the option granted. Total stock-based compensation expense for the six months ended June 30, 2024, was $118,253 (June 30, 2023: $ 426,688). There were no options granted during the six months ended June 30, 2024.

During the year ended December 31, 2023, the Company granted 350,000 stock options at a weighted average exercise price of $0.43. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the year ended December 31, 2023, were as follows:

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

(Unaudited, Expressed in Canadian Dollars)

14. SHARE CAPITAL (cont'd…)

d) Stock options (cont'd…)

As of June 30, 2024, the Company had outstanding and exercisable stock options as follows:

	Options outstanding				Options exercisable		
Price	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average excerise price**	**Weighted-average Fair Value**	**Number excerisable**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
$0.85	5,000,000	4.76	0.85	0.41	6,666,666	4.76	0.85
$0.75	250,000	2.34	0.75	0.25	250,000	2.34	0.75
$0.65	270,832	5.51	0.65	0.29	270,832	5.51	0.65
$0.65	75,000	5.51	0.65	0.29	50,000	5.51	0.65
$0.65	1,395,000	5.69	0.65	0.24	930,000	5.69	0.65
$0.65	1,100,000	5.83	0.65	0.24	733,333	5.83	0.65
	8,090,832	5.02	0.78	0.35	8,900,831	4.90	0.80

e) Performance share units ("PSUs")

The Company adopted the PSU plan to allow the Board of Directors to grant the Company's management personnel, officers and directors non-transferrable share units based on the fair value of the Company's common shares on the date of the grant. All the PSUs were granted in 2023 to certain management personnel, officers, and directors of the Company, in connection with the Company's 2022 fiscal year bonus incentive plan. The awards shall be fully vested on any single day that the Company's closing stock price reaches or exceeds $0.50 within the performance cycle between March 30, 2023 and March 30, 2026. The fair value and the expected vesting period of the PSUs are measured using the Monte Carlo simulation model at the time of grant. The key inputs and assumptions used in the model were as follows:

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

The total PSU expense for the six months ended June 30, 2024, was $98,106 (June 30, 2023 - $35,205). There were no PSUs vested or new PSUs granted as of June 30, 2024.

Movements in the number of PSUs outstanding are as follows:

	PSU
Outstanding at January 1, 2023	-
Granted	2,330,000
Outstanding at December 31, 2023	2,330,000
Forfeited	- 370,000
Outstanding at June 30, 2024	1,960,000

(Unaudited, Expressed in Canadian Dollars)

15. REVENUE

All the Company's revenues for the three and six months ended June 30, 2024, and three and six months June 30, 2023, were generated by ESI. ESI's revenue during the three and six months ended June 30, 2024, and June 30, 2023 was comprised of the following:

	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
Machine Rental				
Padding machines				
Large padders	**$ 811,077**	$ 212,619	**$ 1,499,778**	$ 506,680
Small padders	**544,161**	1,238,689	**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**	$ 1,733,728	**$ 4,017,027**	$ 3,399,991
Mobilization	**259,871**	251,499	**710,009**	403,790
Spare part sales	**229,439**	180,832	**288,475**	459,272
Machine sales	**1,504,123**	310,155	**2,073,333**	701,649
Other services	**179,957**	99,486	**336,168**	336,031
Other revenue	**$ 2,173,390**	$ 841,972	**$ 3,407,985**	$ 1,900,742
Total	**$ 4,263,619**	$ 2,575,700	**$ 7,425,012**	$ 5,300,733

For the six months ended June 30, 2024, $4,984,856 (June 30, 2023 - $2,929,652) of revenue was derived from six (June 30, 2023 – six) customers that represented 67% (June 30, 2023 – 55 %) of the Company's revenue. As at June 30, 2024, $1,392,436 (June 30, 2023 - $1,035,084) from these customers was included in accounts receivable.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

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

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

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

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

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

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

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

	June 30, 2024				
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Convertible debenture	**27,398,048**	-	-	**27,398,048**	**27,398,048**
	27,398,048	-	-	**27,398,048**	**27,398,048**

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

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

Currency risk

The Company conducts exploration and evaluation activities in the United States, Canada, South Korea and Chile and is exposed to risk due to fluctuations in the exchange rates between the Canadian dollar and certain foreign currencies. Specifically, as at June 30, 2024, the Company had foreign currency liabilities and foreign currency assets in United States Dollars ("USD"), Chilean Pesos ("CLP"), Australian Dollars ("AUD"), and Korean Won ("KRW"). Each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $4,620,064.

The table below shows the balances held in foreign currency:

June 30, 2024	USD $	KRW $	CLP $	Equivalent CAD $
Cash	368,405	-	148,099,976	718,403
Receivables	1,703,785	-	1,718,174,550	4,816,623
Prepaids	204,129	124,649	-	279,515
Trade and other payables	1,123,302	104,016,680	3,292,356,911	6,401,829
Income taxes payable	307,685	-	-	421,128
VAT liability	-	-	3,207,073,710	4,637,749
Convertible debenture	20,093,039	-	-	27,501,342
Promissory note	750,667	-	-	1,027,438
Deferred payments on acquisition	-	-	3,209,597,871	4,641,399
Lease liability	88,890	-	-	121,663
Loans and borrowings	5,306,224	-	-	7,262,628
Net exposure	**(25,393,487)**	**(103,892,031)**	**(7,842,753,966)**	**(46,200,637)**

Credit risk

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

(Unaudited, Expressed in Canadian Dollars)

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

Interest rate risk

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

Liquidity risk

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

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**

Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper, gold, cobalt, lithium, and graphite. The Company monitors copper, gold, cobalt, lithium, and graphite prices to determine the appropriate course of action to be taken. The Company does not engage in programs to mitigate its exposure to commodity price risk. On June 28, 2024, the spot COMEX copper price was USD$ 4.39/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 $84,506,891 (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.

(Unaudited, Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION

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

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

The following table presents geographic information regarding operating segments.

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

For the period ended June 30, 2024	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	22,266,215	1,055,425	2,258,144	35,194,491	-	**60,774,275**
Property, plant, equipment	14,199,253	-	-	-	34,445,643	9,448	**48,654,344**
Total assets	18,838,443	22,428,639	1,055,425	2,260,542	72,373,660	2,201,016	**119,157,724**
Total liabilities	11,991,460	-	-	103,289	20,720,270	43,021,859	**75,836,878**

(Unaudited, Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (cont'd…)

For the six months ended June 30, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	5,300,733	-	-	-	-	-	5,300,733
Total revenue	**5,300,733**	**-**	**-**	**-**	**-**	**-**	**5,300,733**
Depreciation of equipment	(1,397,044)	-	-	-	-	-	(1,397,044)
Impairment of exploration and evaluation assets	-	(9,993)	-	-	-	-	(9,993)
Management fees	(297,695)	-	(196,927)	-	-	(367,500)	(862,122)
Professional fees	-	-	-	-	-	(905,716)	(905,716)
Performance share units expense	-	-	-	-	-	(35,205)	(35,205)
Restricted stock units expense	-	-	-	-	-	(689,351)	(689,351)
Stock based compensation	-	-	-	-	-	(426,688)	(426,688)
Other costs and expenses	(4,159,737)	(1,827)	(323)	(73)	(31,038)	(759,112)	(4,952,110)
Loss from operations	**(553,743)**	**(11,820)**	**(197,250)**	**(73)**	**(31,038)**	**(3,183,572)**	**(3,977,496)**
Foreign exchange gain (loss)	70,988	-	(34,399)	90,973	(760,243)	58,072	(574,609)
Finance costs	(229,162)	-	-	-	(114,663)	(1,117,873)	(1,461,698)
Other income	86,378	-	-	-	-	-	86,378
Gain (loss) for the year from continuing operations	**(625,539)**	**(11,820)**	**(231,649)**	**90,900**	**(905,944)**	**(4,243,373)**	**(5,927,425)**
Cumulative translation adjustment	(306,190)	-	(49,344)	(148,863)	818,911	-	314,514
Total net income (loss)	**(931,729)**	**(11,820)**	**(280,993)**	**(57,963)**	**(87,033)**	**(4,243,373)**	**(5,612,911)**

Non-cash items in net income (loss):

For the six months ended June 30, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(114,662)	(1,117,873)	(1,232,535)
Depreciation of equipment	(1,397,044)	-	-	-	-	-	(1,397,044)
Impairment of exploration and evaluation assets	-	(9,993)	-	-	-	-	(9,993)
Performance share units expense	-	-	-	-	-	(35,205)	(35,205)
Restricted stock units expense	-	-	-	-	-	(689,351)	(689,351)
Stock based compensation	-	-	-	-	-	(426,688)	(426,688)
Unrealized forex translation gain (loss)	72,021	-	(34,277)	93,155	549,980	(106,270)	574,609
Total non- cash items in net income (loss)	**(1,325,023)**	**(9,993)**	**(34,277)**	**93,155**	**435,318**	**(2,375,387)**	**(3,216,207)**

(Unaudited, Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (cont'd…)

For the six months ended June 30, 2024	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	7,425,012	-	-	-	-	-	7,425,012
Total revenue	**7,425,012**	-	-	-	-	-	**7,425,012**
Depreciation of equipment	(1,468,849)	-	-	-	-	-	(1,468,849)
Impairment of exploration and evaluation assets	-	(3,626)	-	-	-	-	(3,626)
Impairment of property, plant and equipment	-	-	-	-	-	-	-
Management fees	(451,064)	-	(266,226)	-	-	(258,332)	(975,622)
Professional fees	-	-	-	-	-	(402,194)	(402,194)
Performance share units expense	-	-	-	-	-	(98,106)	(98,106)
Restricted stock units expense	-	-	-	-	-	(190,872)	(190,872)
Stock based compensation	-	-	-	-	-	(118,253)	(118,253)
Other costs and expenses	(4,686,230)	-	(332)	-	(4,387,707)	(877,762)	(9,952,031)
Loss from operations	**818,869**	**(3,626)**	**(266,558)**	**-**	**(4,387,707)**	**(1,945,519)**	**(5,784,541)**
Foreign exchange (loss) /gain	(186,603)	-	(103,302)	(133,981)	(1,672,770)	2,279,461	182,805
Finance costs	(504,667)	-	-	-	(505,168)	(479,541)	(1,489,376)
Loss on remeasurement of convertible debenture	-	-	-	-	-	(648,816)	(648,816)
Other income and expenses	92,939	-	-	-	-	-	92,939
Gain (loss) for the year from continuing operations	**220,538**	**(3,626)**	**(369,860)**	**(133,981)**	**(6,565,645)**	**(794,415)**	**(7,646,989)**
Income tax expense	(956)	-	-	-	-	-	(956)
Cumulative translation adjustment	524,689	-	35,283	(58,617)	(2,025,577)	-	(1,524,222)
Total net income (loss)	**744,271**	**(3,626)**	**(334,577)**	**(192,598)**	**(8,591,222)**	**(794,415)**	**(9,172,167)**

(Unaudited, Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION (cont'd…)

Non-cash items in net income (loss):

For the six months ended June 30, 2024	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(505,168)	(476,287)	(981,455)
Depreciation of equipment	(1,468,849)	-	-	-	-	-	(1,468,849)
Impairment of exploration and evaluation assets	-	(3,626)	-	-	-	-	(3,626)
Performance share units expense	-	-	-	-	-	(98,106)	(98,106)
Restricted stock units expense	-	-	-	-	-	(190,872)	(190,872)
Stock based compensation	-	-	-	-	-	(118,253)	(118,253)
Loss on finance lease termination	(6,715)	-	-	-	-	-	(6,715)
Current income tax expense	(956)	-	-	-	-	-	(956)
Loss on remeasurement of convertible debenture	-	-	-	-	-	(648,816)	(648,816)
Unrealized forex translation (loss) gain	(186,603)	-	(103,279)	(133,982)	(1,419,971)	2,026,640	182,805
Total non- cash items in net (loss) income	**(1,663,123)**	**(3,626)**	**(103,279)**	**(133,982)**	**(1,925,139)**	**494,306**	**(3,334,844)**

18. SUBSEQUENT EVENTS

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.