



Lion Copper and Gold Corp.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Expressed in thousands of U.S. Dollars)

(Unaudited)

Lion Copper and Gold Corp.

Condensed Interim Consolidated Balance Sheets

As at June 30, 2024, and December 31, 2023

(Unaudited - In thousands of U.S. Dollars)

	Note	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 8,318	\$ 2,310
Other receivables		72	14
Prepaid and deposit		97	62
		8,487	2,386
Other receivables – Long term		10	10
Mineral properties	4,12	7,802	7,647
Reclamation bonds		9	9
Investment in associate	5	894	1,206
Right of use asset		59	-
Total assets		\$ 17,261	\$ 11,258
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 721	\$ 163
Rio Tinto deposit	4	6,258	1,357
Derivative liabilities	7	1,125	176
Convertible debentures	7,8,11	932	3,544
Lease liabilities - current		40	-
		9,076	5,240
Lease liabilities – long term		19	-
Total liabilities		9,095	5,240
Stockholders' equity			
Share capital, no par value, unlimited common shares authorized; 385,855,710 issued and outstanding (2023 – 309,667,975)	9	109,334	105,396
Additional paid-in capital	10	24,655	24,168
Deficit		(129,881)	(126,663)
Non-controlling interest	6	4,058	3,117
Total stockholders' equity		8,166	6,018
Total liabilities and stockholders' equity		\$ 17,261	\$ 11,258

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 13)

CONTINGENCIES (Note 14)

SUBSEQUENT EVENTS (Note 16)

Approved on behalf of the Board of Directors on August 14, 2024:

/s/ "Thomas Patton"
Director

/s/ "Tony Alford"
Director

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)

For the three and six months ended June 30, 2024, and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares and per share amounts)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Operating expenses					
Exploration expenditures	4	\$ 2,389	\$ 2,159	5,049	\$ 3,409
Rio Tinto Deposit	4	(3,102)	(2,250)	(6,320)	(3,572)
General office		117	68	240	124
Interest		47	116	141	199
Investor relations and corporate development		11	-	23	6
Professional fees		636	399	1,118	641
Salaries and benefits	11	490	333	879	674
Share-based payments	10,11	-	(231)	660	(136)
Transfer agent and regulatory		22	19	60	64
Travel		35	19	58	28
Operating loss		(645)	(632)	(1,908)	(1,437)
Non-operating Income/(expenses)					
Fair value (loss) gain on derivative liabilities	7	(427)	1,421	253	481
Foreign exchange gain		(7)	-	(8)	-
Accretion expense	8	(29)	(121)	(140)	(195)
Gain on transfer of shares	5	-	-	-	22
Loss on revaluation of SAFE notes		-	-	-	(305)
Share of loss in associate	5	(218)	22	(312)	(4)
Interest and other income		152	51	238	63
Impairment of mineral properties	4	-	(602)	-	(602)
Loss on conversion	8	-	-	(1,690)	-
Loss on repayment of convertible debentures	8	-	-	(5)	-
Loss on extinguishment of convertible debentures	8	-	-	(55)	-
		(529)	771	(1,719)	(540)
Net (loss) income and comprehensive (loss) income for the period		\$ (1,174)	\$ 139	\$ (3,627)	\$ (1,977)
Net (loss) income and comprehensive (loss) income attributed to:					
Stockholders of the Company		\$ (961)	\$ 425	\$ (3,218)	\$ (1,528)
Non-controlling interest	6	\$ (213)	\$ (286)	\$ (409)	\$ (449)
(loss) Income per share, basic and diluted		\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding - basic		383,558,952	309,567,975	356,660,132	309,567,975
Weighted average number of shares outstanding - diluted		383,558,952	313,356,224	356,660,132	309,567,975

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the six and three months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares)

	Notes	Common shares	Share capital	Additional paid-in capital	Deficit	Non-controlling interest	Total stockholders' equity
Balance at December 31, 2022		309,567,975	\$ 105,384	\$ 23,043	\$ (121,834)	\$ 388	\$ 6,981
Share-based payments	10	-	-	(136)	-	-	(136)
Issuance of common shares of FCC	6	-	-	-	-	3,536	3,536
Net loss for the period		-	-	-	(1,528)	(449)	(1,977)
Balance at June 30, 2023		309,567,975	\$ 105,384	\$ 22,907	\$ (123,362)	\$ 3,475	\$ 8,404
Balance at December 31, 2023		309,667,975	\$ 105,396	\$ 24,168	\$ (126,663)	\$ 3,117	\$ 6,018
Private placement		23,809,522	654	-	-	-	654
Private placement - share issuance cost		-	(27)	-	-	-	(27)
Conversion of convertible debentures - original	8	3,500,000	234	-	-	-	234
Conversion of convertible debentures - induced	8	45,815,213	2,723	-	-	-	2,723
Exercise of options	10	3,063,000	354	(173)	-	-	181
Share-based payments	10	-	-	660	-	-	660
Issuance of common shares of FCC	6	-	-	-	-	1,350	1,350
Net loss for the period		-	-	-	(3,218)	(409)	(3,627)
Balance at June 30, 2024		385,855,710	\$ 109,334	\$ 24,655	\$ (129,881)	\$ 4,058	\$ 8,166

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the six and three months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares)

	Notes	Common shares	Share capital	Additional paid-in capital	Deficit	Non-controlling interest	Total stockholders' equity
Balance at March 31, 2023		309,567,975	\$ 105,384	\$ 23,138	\$ (123,787)	\$ 3,761	\$ 8,496
Share-based payments	10	-	-	(231)	-	-	(231)
Issuance of common shares of FCC	6	-	-	-	-	-	-
Net loss for the period		-	-	-	425	(286)	139
Balance at June 30, 2023		309,567,975	\$ 105,384	\$ 22,907	\$ (123,362)	\$ 3,475	\$ 8,404
Balance at March 31, 2024		382,792,710	\$ 108,980	\$ 24,828	\$ (128,920)	\$ 3,371	\$ 8,259
Exercise of options	10	3,063,000	354	(173)	-	-	181
Issuance of common shares of FCC	6	-	-	-	-	900	900
Net loss for the period		-	-	-	(961)	(213)	(1,174)
Balance at June 30, 2024		385,855,710	\$ 109,334	\$ 24,655	\$ (129,881)	\$ 4,058	\$ 8,166

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Cash Flow

For the six months ended June 30, 2024, and 2023

(Unaudited - In thousands of U.S. Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows provided by operating activities		
Loss for the period	\$ (3,627)	\$ (1,977)
Non-cash transactions:		
Interest expense	141	199
Accretion expense	140	195
Fair value gain on derivative liabilities	(253)	(481)
Gain on transfer of investment shares	-	(22)
Share of loss of investment in associate	312	4
Wages settled through transfer of investment shares	-	33
Share-based payments	660	(136)
Loss on revaluation of SAFE notes	-	305
Impairment of mineral properties	-	602
Loss on conversion of convertible debentures	1,690	-
Loss on repayment of convertible debentures	5	-
Loss on extinguishment of convertible debentures	55	-
Amortization of ROU asset	13	-
Changes in operating assets and liabilities:		
Other receivables	(58)	2
Accounts payables and accrued liabilities	559	16
Prepaid and deposit	(35)	(81)
Rio Tinto deposit	4,901	3,946
Lease liability	(13)	-
Net cash provided by operating activities	4,490	2,605
Cash flows used in investing activities		
Capitalized expenditures on mineral properties	(155)	(260)
Reclamation bond	-	1
Net cash used in investing activities	(155)	(259)
Cash flows provided by financing activities		
Proceeds from convertible debentures	-	1,306
Proceeds from FCC SAFE notes	-	100
Proceeds for issuance of common shares of FCC	1,350	-
FCC - Proceeds from private placement	-	2,000
Proceeds from private placement	1,000	-
Share issuance costs	(27)	-
Repayment of convertible debentures	(831)	-
Exercise of options	181	-
Net cash provided by financing activities	1,673	3,406
Increase in cash and cash equivalents	6,008	5,752
Cash and cash equivalents, beginning of period	2,310	1,365
Cash and cash equivalents, end of period	\$ 8,318	\$ 7,117
Supplemental cash flow information		
Shares issued for conversion of SAFE notes	-	1,536
Shares issued for convertible debentures	2,957	-

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

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion Copper and Gold Corp. (together with its subsidiaries, "Lion CG" or the "Company") is a Canadian-based Company advancing its flagship copper assets at Yerington, Nevada through an option to earn-in agreement with Nuton LLC, a Rio Tinto venture. The Company is incorporated in British Columbia, Canada. Its registered and records offices are located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8. On November 22, 2021, the Company changed its name from Quaterra Resources Inc. to Lion Copper and Gold Corp. The shares of the Company commenced trading under the new name at the open of trading on November 23, 2021. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LEO" and trades on the OTCQB Market under the symbol "LCGMF".

The Company acquires its mineral properties through option or lease agreements and capitalizes all acquisition costs related to the properties. The underlying value of the amounts recorded as mineral properties does not reflect current or future values. The Company's continued existence depends on discovering economically recoverable mineral reserves and obtaining the necessary funding to complete the development of these properties.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from the date of approval of these condensed interim consolidated financial statements from the Board of Directors. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its exploration activities. For the six months ended June 30, 2024, the Company incurred a net loss of \$3,627 (2023 – \$1,977). As at June 30, 2024, the Company had cash and cash equivalents of \$8,318 (December 31, 2023 - \$2,310), working capital deficit of \$589 (December 31, 2023 – \$2,854) and an accumulated deficit of \$129,881 (December 31, 2023 - \$126,663).

The Company continues to incur losses, has limited financial resources, and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of or eliminate one or more of its exploration programs or relinquish some or all of its rights under the existing option and acquisition agreements. The above factors give rise to material uncertainties that cast substantial doubt on the Company's ability to continue as a going concern.

If the going concern assumptions were not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses, and the consolidated balance sheet classifications used. Such adjustments could be material.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

2. BASIS OF PRESENTATION

Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are expressed in U.S. dollars. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions were eliminated upon consolidation.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and can affect those returns through its control over that entity. All material intercompany transactions, balances and expenses are eliminated on consolidation.

The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. The interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

These condensed interim consolidated financial statements include the financial statements of Lion Copper and Gold Corp., and its subsidiaries:

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

Subsidiaries	Percentage ownership		Country of incorporation
	June 30, 2024	December 31, 2023	
Quaterra Alaska Inc. ("Quaterra Alaska")	100.0%	100.0%	USA
Singatse Peak Services, LLC ("SPS")	100.0%	100.0%	USA
Falcon Copper Corp ("FCC") (Formerly Blue Copper Resources Corp ("BCRC"))	43.46%	47.7%	USA
Blue Copper LLC	43.46% indirect through FCC	47.7% indirect through FCC	USA
Blue Copper Royalties LLC ("BCR LLC")	48.8%	48.8%	USA
Falcon Services, LLC (FSL)	43.46% indirect through FCC	47.7% indirect through FCC	USA

On August 25, 2023, BCR LLC was incorporated and on September 6, 2023, FCC carried out a re-organization of its assets and capital structure through an assignment transaction with BCR LLC. The Company assessed the impact of the re-organization and concluded the Company still has control over BCR LLC. As such, the re-organization is a transaction between entities under common control and the assets transferred are accounted for at their carrying values.

On December 13, 2023, Falcon Services, LLC was incorporated with FCC being the sole shareholder.

For partially owned subsidiaries, the interest attributable to non-controlling stockholders is reflected in non-controlling interest. The Company has assessed control for any entity with less than 50% ownership and has concluded the Company has control (Note 6).

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

In preparing these condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies. In preparing these condensed interim consolidated financial statements, the significant estimates and critical judgments were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

During the six months ended June 30, 2024, the Company's ownership in FCC dropped from 48.8% to 43.46% and management assessed control still exists and continues to consolidate FCC as at June 30, 2024. In the absence of majority holdings, the Company will continue to consolidate FCC as the Company has majority representation on the board of directors and management of FCC.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES

Total mineral property acquisition costs are listed in the table below:

	Singatse Peak Services ("SPS")					Lion CG ("LCG")	Falcon Copper Corp (formerly Blue Copper Resources Corp) ("FCC")		
(In thousands of U.S dollars)	MacArthur	Yerington	Bear	Wassuk	Copper Canyon	Chaco Bear & Ashton	Blue Copper	Muncy	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance December 31, 2022	2,489	1,195	1,575	1,405	-	602	618	-	7,884
Acquisition costs	-	-	231	-	10	-	260	95	596
Impairment	-	-	-	-	-	(602)	-	-	(602)
Paid by Rio Tinto	-	-	(231)	-	-	-	-	-	(231)
Total additions (disposals) for the year	-	-	-	-	10	(602)	260	95	(237)
Balance December 31, 2023	2,489	1,195	1,575	1,405	10	-	878	95	7,647
Acquisition costs	-	-	131	-	-	-	150	5	286
Paid by Rio Tinto	-	-	(131)	-	-	-	-	-	(131)
Total additions for the period	-	-	-	-	-	-	150	5	155
Balance June 30, 2024	2,489	1,195	1,575	1,405	10	-	1,028	100	7,802

The Company owns a 100% interest in the MacArthur, Yerington and Wassuk properties and has an option to earn a 100% interest in the Bear property in Nevada. During the year ended December 31, 2023, the Company terminated its option to earn a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

Total exploration expenditures recorded on the condensed interim consolidated statements of operations and comprehensive income (loss) are listed in the tables below:

Exploration expenditures incurred for the six months ended June 30, 2024

(In thousands of U.S. dollars)	Singatse Peak Services			Falcon Copper Corp				Total
	MacArthur	Yerington	Bear	Blue Copper	Muncy	Pioneer	Recon	
Property maintenance	\$ 4	\$ 405	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ 469
Assay & Labs	109	89	44	-	-	-	-	242
Drilling	366	1,179	1,465	-	-	-	-	3,010
Environmental	40	460	-	-	-	-	-	500
Geological & mapping	-	-	-	-	-	-	-	-
Geophysical surveys	-	45	-	-	29	-	-	74
Technical study	-	705	-	-	-	-	-	705
Field support	-	1	18	28	-	1	1	49
Total expenses incurred	519	2,884	1,527	88	29	1	1	5,049
Total Expenditures funded by Rio Tinto	(519)	(2,884)	(1,527)	-	-	-	-	(4,930)
Total Expenditures funded by Lion CG	-	-	-	88	29	1	1	119

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

Exploration expenditures incurred for the six months ended June 30, 2023

(In thousands of U.S dollars)	Singatse Peak Services					Lion CG	Falcon Copper Corp					Total
	MacArthur	Yerington	Bear	Wassuk	Prospects	Chaco Bear & Ashton	Ground hog	Blue Copper	Recon	Nevada	Arizona	
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
Property maintenance	-	6	-	1	-	-	-	58	-	-	-	65
Assay & Labs	47	21	32	-	59	-	-	-	-	-	-	159
Drilling	190	3	1,218	-	303	-	-	-	-	-	-	1,714
Environmental	5	136	-	-	-	-	-	-	-	-	-	141
Geological & mapping	-	-	-	-	-	-	-	4	-	-	-	4
Geophysical surveys	3	5	4	-	-	-	-	104	10	6	90	222
Technical study	-	641	-	-	-	-	-	2	-	-	-	643
Field support	-	-	44	-	-	-	45	212	-	145	15	461
Total expenses incurred	245	812	1,298	1	362	-	45	380	10	151	105	3,409
Total Expenditures funded by Rio Tinto	(245)	(812)	(1,298)	(1)	(362)	-	-	-	-	-	-	(2,718)
Total Expenditures funded by Lion CG	-	-	-	-	-	-	45	380	10	151	105	691

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES

a) Option to Earn-in Agreement with Rio Tinto

On March 18, 2022, the Company entered into an Option to Earn-in Agreement with Rio Tinto America Inc. ("Rio Tinto") to advance studies and exploration at Lion CG's copper assets in Mason Valley, Nevada (the "Rio Tinto Agreement"). Under the agreement, Rio Tinto has the exclusive option to earn a 65% interest in the assets comprising Yerington, MacArthur, Wassuk, Bear, and associated water rights (the "Mining Assets").

In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton™ technologies at the site.

On April 27, 2022, the Company TSX Venture Exchange approved the Rio Tinto Agreement.

The status of the Rio Tinto Agreement is set out below.

Stage 1

Rio Tinto paid \$4,000 for the agreed-upon Program of Work on the Mining Assets. Stage 1 was completed on December 22, 2022.

Stage 2

Within forty-five (45) days of the completion of Stage 1, Rio Tinto was to provide notice to Lion CG whether Rio Tinto elected to proceed with Stage 2 (notice was provided), upon which Rio Tinto was to pay up to \$5,000 for agreed-upon Mason Valley study and evaluation works to be completed by Lion CG within 12 months from the date that the parties agree upon the scope of Stage 2 work (\$7,500 paid January 13, 2023, representing \$5,000 for Stage 2 and \$2,500 for Stage 3 in which some of the work has started for Stage 3 and a portion of the deposit has been used).

On October 5, 2023, an amendment was signed for the modification of the Stage 2 Program of Work. The significant updates are related to the following:

- The term of Stage 2 of the Option Agreement has an end date of January 12, 2024. The Parties extend that end date by 8 months, to September 12, 2024 to continue study work, including testing and evaluation of the Nuton Technologies.
- Subject to internal approvals, Nuton LLC ("Nuton"), on behalf of Rio Tinto, will advance \$10,000 of the Stage 3 Earn-In Not to Exceed Amount to Lion CG for the Stage 2b Program of Work within 30 days of completion of Stage 2a (Stage 2a is defined as the Stage 2 Program of Work activities performed up until January 12, 2024).
- Should the Parties agree that Stage 2c is necessary, the Parties will memorialize the scope of work in a letter agreement. Subject to internal approvals, Nuton will advance another \$5,000 of the Stage 3 Earn-In Not to Exceed Amount to Lion CG within 30 days of the execution of the Stage 2c Program of Work Agreement.
- The Parties agree that Lion CG may allocate \$50 per month for its corporate G&A expenses from the funds paid under the payments above (if any) and such allocation will be detailed in the relevant Program of Work Agreement(s).

Stage 3 - Feasibility Study

Within sixty (60) days of the completion of Stage 2, Rio Tinto shall provide notice to Lion CG whether Rio Tinto will exercise its Option and fund a Feasibility Study based on the results of the Stage 1 and Stage 2 Programs of Work. Rio Tinto will fully-fund the Feasibility Study and ancillary work completed by Lion CG in amount, in aggregate of Stages 1 through 3, not to exceed \$50,000.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

a) Option to Earn-in Agreement with Rio Tinto (continued)

On January 4, 2024, \$11,500 was received from Rio Tinto relating to the Stage 2b and the Stage 3 Programs of Work. The Company completed the Stage 2a Program of Work on January 12, 2024.

A continuity of the Company's Rio Tinto deposit is as follows:

Balance December 31, 2022	\$ 613
Proceeds received	7,500
Funds applied to reclamation deposit	(9)
Funds applied to capitalized acquisition costs (Note 4)	(231)
Funds applied to exploration expenditures	(4,739)
Funds applied to general operating expenditures	(1,777)
Balance December 31, 2023	\$ 1,357
Proceeds received	11,500
Funds applied to prepaids	(148)
Funds applied to capitalized acquisition costs (Note 4)	(131)
Funds applied to exploration expenditures (Note 4)	(4,930)
Funds applied to general operating expenditures	(1,390)
Balance June 30, 2024	\$ 6,258

b) MacArthur and Yerington Properties, Nevada

Located in the historic copper district of Yerington, Nevada, the Company's Yerington and MacArthur properties are 100% owned by Singatse Peak Services LLC, a wholly-owned subsidiary of Lion CG.

The MacArthur Project consists of 902 unpatented lode claims and 8 placer claims totaling approximately 18,800 acres on lands administered by the U.S. Department of Interior - Bureau of Land Management (BLM).

The MacArthur Project is subject to a 2% net smelter return royalty ("NSR") upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,000.

The Yerington Mine Property covers approximately 11 square miles centered on the former Anaconda open pit copper mine. This includes 2,768 acres of fee simple parcels and patented mining claims as well as 208 unpatented lode and placer claims totaling approximately 4,300 acres on lands administered by the BLM.

The Yerington Mine Property is subject to a 2% NSR upon commencing commercial production. The total lifetime royalty is capped at \$7,500.

c) Bear Deposit, Nevada

The Bear deposit consists of approximately 2,300 acres of private land located to the northeast of the Yerington Mine Property, plus several hundred acres beneath the Yerington Mine property.

The Company has five option agreements, entered from March 2013 to May 2015, to acquire a 100% interest in private lands covering the Bear deposit. Under the terms of these option agreements, as amended, the Company is required to make \$5,988 in cash payments over 15 years (\$5,454 paid) to maintain the exclusive right to purchase the land, mineral rights, and certain water rights and to conduct mineral exploration on these properties. Two of the properties are subject to a 2% NSR upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,250 total.

Lion Copper and Gold Corp.

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

c) Bear Deposit, Nevada (continued)

Outstanding payments to keep the option agreements current are as follows, by year:

- \$131 due in 2024 (paid)
- \$404 due in years 2025 to 2028.

Outstanding consideration payments to purchase the property under the five option agreements are as follows:

- \$1,250 for Taylor, purchase option expiring April 4, 2025
- \$250 for Chisum, purchase option has no expiration date, \$50 per year payment required for continuation
- \$5,000 for Yerington Mining, purchase option expiring in Q4 2024
- Circle Bar N purchase option:
 - On or before June 15, 2025: \$12,000
 - June 16, 2025 – June 15, 2026: \$13,000
 - June 16, 2026 – June 15, 2027: \$14,000
 - June 16, 2027 – June 15, 2028: \$15,000
 - June 16, 2028 – June 15, 2029: \$16,000
- \$22,770 for Desert Pearl Farms, purchase option expiring in 2029.

d) Wassuk, Nevada

The Wassuk property consists of 310 unpatented lode claims totaling approximately 6,400 acres on lands administered by the BLM.

The property is subject to a 3% NSR upon commencing commercial production, which can be reduced to a 2% NSR royalty in consideration of \$1,500.

e) Copper Canyon, Nevada

On August 21, 2023, the Company entered into a Purchase and Sale Agreement with Convergent Mining, LLC, whereby the Company purchased the title to the Copper Canyon claims from Convergent Mining, LLC upon closing of agreement. As consideration, the Company paid \$10 in necessary claim fees. Further, the Company will be required to pay an exploration fee to Convergent Mining, LLC calculated as the 5% of the first \$2,000 of qualifying exploration costs, not exceeding \$100.

f) Chaco Bear and Ashton Properties, British Columbia

On August 25, 2021, the Company entered into a non-binding letter of intent with Houston Minerals Ltd. setting forth the terms of an option whereby the Company may acquire a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

On June 1, 2023, Lion CG and Houston terminated the option agreement surrounding the Chaco Bear and Ashton properties. As at June 30, 2024, and December 31, 2023, Lion CG impaired the full balance of property and recognized \$602 in impairment expense during the six months ended June 30, 2023.

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4. MINERAL PROPERTIES (continued)

g) Blue Copper Project, Montana

A Plan of Operations for exploration of the Blue Copper Project is currently under review for approval by the relevant agencies.

h) Cabin Property, Nevada

In 2023, FCC staked approximately 9,000 acres of federal mining claims in White Pine County, Nevada, the area of interest which is termed Cabin. The Cabin Property represents a potential major copper-moly porphyry discovery concealed beneath the Spring Valley pediment within a district-scale BLM land package, located immediately north of the Muncy Property.

i) Muncy Property, Nevada

On November 22, 2023, FCC entered into an Option to Joint Venture Agreement with Kennecott Exploration Company ("Kennecott"), a Rio Tinto subsidiary.

Pursuant to the agreement, Kennecott grants FCC the sole and exclusive right and option to acquire 100% interest in the Muncy Property. To exercise this option, FCC must satisfy the following:

- pay the payment commitment of \$95 to Kennecott on or before the effective date of November 22, 2023 (Paid);
- pay an additional payment commitment of \$5 by February 18, 2024 (Paid);
- pay an additional payment commitment of \$51 by July 1, 2024;
- incur expenditures of \$1,500 with respect to the Muncy Property and \$1,000 with respect to the Cabin Property on or before the expenditure commitment date of November 22, 2025;
- ensure that no less than 70% of the expenditure commitment for the Muncy Property consists of drilling expenses for the Muncy Property;
- ensure that no less than 70% of the expenditure commitment for the Cabin Property consists of drilling expenses for the Cabin Property.

If FCC decides to terminate the option at any time, they will grant Kennecott a 2.0% net smelter royalty in the Cabin Property. After this is done, the agreement, except for specified sections, will terminate.

If Kennecott elects not to form a joint venture, Kennecott must transfer all their rights in the Muncy Property to the FCC. In return, FCC will grant the optionor a 2.0% net smelter royalty (NSR) in the Properties. Before FCC decides to develop a commercial mining operation on any portion of the Properties, FCC has the right to reduce the net smelter royalty from 2.0% to 1.0% by paying the optionor \$10,000 in cash.

A Plan of Operations for exploration of the Muncy Property is currently under review for approval by the relevant agencies.

j) Pioneer, Arizona

In 2023, FCC staked an approximate 1,300 acre covered target area prospective for high grade primary or enriched porphyry copper mineralization located within Arizona's prolific Copper Triangle and within 10 miles of the Resolution & Ray mines.

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4. MINERAL PROPERTIES (continued)

k) Groundhog, Alaska

The Groundhog prospect lies on the Alaskan peninsula on state lands, within an established copper porphyry belt 200 miles southwest Anchorage.

l) Recon, Nevada, Arizona, and other prospects

During the six months ended June 30, 2024, FCC incurred \$31 in evaluation expenditures on reconnaissance on targets in Nevada, Arizona and Montana in order to determine whether they warranted further pursuit.

5. INVESTMENT IN ASSOCIATE

On April 5, 2022, the Company received 16,049,444 shares in Falcon Butte, in connection with a property acquisition agreement to assign the Company's options to acquire the Butte Valley property. At the time of acquisition, the 16,049,444 shares represented 25.54% of shares outstanding and the initial balance of the investment was determined to be \$1,906 (\$2,374 CAD). As at June 30, 2024, and December 31, 2023, the Company's share ownership was 20.48%. The Company and Falcon Butte have one common director, as such, management has assessed that the Company has significant influence over Falcon Butte and that the investment should be accounted for using the equity method of accounting.

Summarized financial information of Falcon Butte and a reconciliation of the carrying amount of the investment in the condensed interim consolidated financial statements are set out below:

Summarized balance sheet:

	June 30, 2024	December 31, 2023
Assets		
Cash	\$ 599	\$ 1,375
Receivables	13	10
Financial asset - Convertible loan receivable	100	-
Prepays & deposits	25	54
Exploration and evaluation assets	2,904	2,904
Total Assets	\$ 3,641	\$ 4,343
Liabilities		
Accounts payable & accrued liabilities	\$ 35	\$ 70
Freeport deposit	-	397
Derivative liabilities	132	490
Total Liabilities	\$ 167	\$ 957

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5. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarized statement of loss

	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating expenses		
General and administrative expenses	\$ 2,243	\$ 1,208
Total operating expenses	2,243	1,208
Fair value (gain) loss on derivative liability	(344)	(90)
Other income	(244)	(1,314)
Foreign exchange loss (gain)	(134)	217
Net loss (income)	\$ 1,521	\$ 21

A continuity of the Company's investment in associate is as follows:

Balance December 31, 2022	\$ 1,504
Transfer of shares to the former CEO	(10)
Company's share of net loss	(288)
Balance December 31, 2023	\$ 1,206
Company's share of net loss	(312)
Balance June 30, 2024	\$ 894

6. NON-CONTROLLING INTEREST

On December 13, 2022, Quaterra Alaska assigned and transferred all right, title and interest in the Groundhog property, Butte Valley Royalty, 100% of the outstanding membership interest held in Blue Copper LLC, and the interest in the Nieves project to FCC.

As consideration, on the date of transfer of assets to FCC, Quaterra Alaska was issued 57,513,764 common shares of FCC which represented 79.3% of all issued and outstanding shares at December 13, 2022. This transaction was considered a transaction between entities under common control, and thus was recorded at carrying value.

On March 2, 2023, FCC completed a financing of \$2,000 by way of a private placement and issued 23,809,524 units at a price of \$0.084 per share. Each unit consists of one common share, and one common share purchase warrant exercisable at \$0.15 for a period of 1 year.

In addition, the private placement was considered a "triggering event" for Simple Agreements for Future Equity ("SAFE Notes"). FCC had previously raised \$868 in SAFE Notes and were converted into equity of FCC, resulting in FCC issuing an additional 21,629,382 common shares.

On September 6, 2023, FCC carried out a re-organization of its assets and capital structure (the transaction described herein is referred to as the "Reorganization"). On August 25, 2023, a new entity, BCR LLC was organized in Wyoming. BCR LLC subsequently adopted an Operating Agreement that provided for issuance of LLC Interests to its Members in the same amounts as shares issued to Shareholders of FCC. On September 6, 2023, two of the mining assets, referred to as the Butte Valley Royalty and the Nieves Royalty, that had been held by FCC were

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Notes to the Condensed Interim Consolidated Financial Statements

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6. NON-CONTROLLING INTEREST (continued)

assigned to BCR LLC in exchange for 100% of the issued and outstanding LLC Interests of BCR LLC. The Nieves Royalty may only be transferred with the written consent of a third party which was received October 23, 2023 resulting in the Nieves property transferring immediately. The same LLC interests were immediately distributed pro rata to the shareholders of FCC. Furthermore, FCC had previously issued Warrants to purchase 7,936,508 (total of 23,809,524 common share purchase warrants) shares of Common Stock of FCC at a Warrant Price of \$0.1500 per Share. As part of the Reorganization, these Warrants were exchanged by the Warrant Holders for two new Warrants; one issued by FCC to purchase 7,936,508 Shares of FCC at a Warrant Price of \$0.1332 per Share, and the other issued by BCR LLC to purchase 7,936,508 LLC Units of BCR LLC at a Warrant Price of \$0.0168 per LLC Unit. The exchange transaction was accounted for under ASC 815 whereby the effect of the exchange was measured as the excess of the fair value of the exchanged warrant over the fair value of the warrant immediately before it is exchanged. Using this method, the effect of the exchange was calculated to be \$Nil. As a result of the Reorganization and the issuance and distribution of these LLC Interests, each shareholder of FCC holds the same percentage interest in FCC as the shareholders holds in BCR LLC. Additionally, the Warrant Holders now holds two Warrants, one issued by each of FCC and BCR LLC, with the aggregate value of the two warrants equal to the aggregate value of the Warrant that they held prior to the exchange. The net effect is that the capital structure of BCR LLC matches the capital structure of FCC, including the issuance of new Warrants, and the Butte Valley Royalty and Nieves Royalty are now held by BCR LLC rather than FCC.

On October 17, 2023, FCC issued 2,750,000 common shares at a price of \$0.10 per common share for total proceeds of \$275.

During the six months ended June 30, 2024, FCC completed the following private placements at \$0.116 per common share for total gross proceeds of \$1,350:

- On February 5, 2024, FCC issued 2,586,207 common shares
- On February 27, 2024, FCC issued 862,069 common shares
- On March 29, 2024, FCC issued 431,034 common shares
- On May 15, 2024, FCC issued 3,448,276 common shares
- On May 17, 2024, FCC issued 4,310,345 common shares

At June 30, 2024, the Company held 43.46% of shares in FCC. In the absence of majority holdings, the Company will continue to consolidate FCC as the Company has majority representation on the FCC's board of directors.

At June 30, 2024, the Company held 48.8% of shares in BCR LLC. In the absence of majority holdings, the Company will continue to consolidate BCR LLC as the directors of BCR LLC and the Company is shared, resulting in the Company having control in the business decisions of BCR LLC.

The following table summarizes the balance recognized as NCI during the six months ended June 30, 2024, and year ended December 31, 2023:

Balance December 31, 2022	\$ 388
Issuance of common shares for conversion of SAFE notes	1,536
Issuance of common shares equity financing	2,000
Issuance of common shares	275
Net loss and comprehensive loss attributable to NCI	(1,082)
Balance December 31, 2023	\$ 3,117
Issuance of common shares	1,350
Net loss and comprehensive loss attributable to NCI	(409)
Balance June 30, 2024	\$ 4,058

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7. DERIVATIVE LIABILITIES

Warrants & Conversion Feature Derivative Liability

During the period ended June 30, 2024, and year ended December 31, 2023, the Company issued certain share purchase warrants and issued convertible debt with a conversion feature that are both exercisable in a currency different from the Company's functional currency (Note 8). The warrants and the conversion feature were classified as derivative liabilities, carried at fair value and revalued at each reporting date.

A continuity schedule of the Company's derivative liabilities is as follows:

Balance December 31, 2022		4
Issuance of Warrants (Note 8)		280
Issuance of convertible debentures with conversion feature (Note 8)		248
Fair value change on derivative liabilities		(356)
Balance December 31, 2023	\$	176
Issuance of warrants for private placement (Note 10)		346
Issuance of warrants upon conversion of existing debentures (Note 8)		60
Issuance of contingent warrants upon conversion of existing debentures (Note 8)		649
Issuance of warrants and conversion feature for extinguishment of existing debentures (Note 8)		55
Modification of warrants upon restructuring of debentures (Note 8)		109
Modification of conversion feature upon restructuring of debentures (Note 8)		129
Fair value change on derivative liabilities		(399)
Balance June 30, 2024	\$	1,125

8. CONVERTIBLE DEBENTURES

On June 17, 2022, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,075 (Note 12) ("Existing Debentures"). The debentures bear interest at a rate of 14% per annum and mature on February 17, 2024, and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the first tranche of the convertible debt financing, the Company issued 16,044,774 warrants. Each warrant is exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on February 17, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. The warrants and conversion features were determined to be derivative liabilities because the exercise prices are denominated in both the functional currency of the Company and a foreign currency. Thus, the instrument fails to meet the criterion of an equity instrument that states that the instrument must be indexed to its own stock.

On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 27.90%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$143 and \$77, respectively, and the fair value allocated to the host debt component was \$855.

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8. CONVERTIBLE DEBENTURES (continued)

On July 8, 2022, the Company closed the second tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$925 (Note 12) ("Existing Debentures"). The debentures bear interest at a rate of 14% per annum and mature on March 8, 2024, and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until July 8, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the second tranche of the convertible debt financing, the Company issued 13,805,964 warrants. The warrants are exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on March 8, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 14%-27.46%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$104 and \$54, respectively, and the residual value allocated to the host debt component was \$767.

On March 2, 2023, the Company closed the third tranche of its non-brokered private placement of unsecured convertible debenture for gross proceeds of \$1,306 (Note 12) ("Existing Debentures"). The debenture bear interest at a rate of 14% per annum and mature on November 2, 2024, and are convertible into shares of the Company at \$0.070 (\$0.095 CAD) per share. The holder also has the option any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.28 (\$0.37 CAD) per Falcon Butte Share.

In conjunction with the third tranche of the convertible debt financing, the Company issued 18,461,015 warrants. The warrants are exercisable into one common share of the Company at \$0.070 (\$0.095 CAD) per share and expire on November 2, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 46.07%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$280 and \$248, respectively, and the residual value allocated to the host debt component was \$778.

On February 16, 2024, the Company issued 3,500,000 common shares to settle \$259 of existing debentures with a carrying value of \$211.

Convertible Debt Restructuring

On February 16, 2024, the Company provided notice to existing holders of convertible debentures about a replacement offer with the following terms:

- The existing debentures will be replaced with new debentures. New debentures will have, a maturity date of 12 months; bear interest at a rate of 20% per annum, non-compounding, and accrued interest may be converted into common shares of the Company at a conversion price equal to \$0.06 (C\$0.08) per share, or at the holder's option into common shares the Company owns of Falcon Butte at \$0.25

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8. CONVERTIBLE DEBENTURES (continued)

(C\$0.32) per share; and one Warrant will be issued for every \$0.06 of principal New Debentures issued ("New Debentures"). Each Warrant is exercisable into one common share of the Company at an exercise price of \$0.06 (C\$0.08) for a period of 12 months from the date of issuance.

- The existing debentures holders that elect not to participate in the replacement offer for New Debentures may instead convert the principal and interest of their existing debentures into units of the Company at \$0.045 (C\$0.06) per Unit. Each Unit will be comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.06 (C\$0.08) per share for a period of 5 years from the date of issuance.
- The existing debentures that do not elect for either of the above offers, will have their debentures repaid in cash.

On February 16, 2024, the Company issued new convertible debentures totaling \$941 to replace the existing debentures with a carrying value of \$908. New Debentures holders also received 15,696,883 share purchase warrants, exercisable at \$0.06 (C\$0.08) per share which expire on February 16, 2025. These warrants were determined to be liability classified as the warrants have an exercise price in a currency other than its functional currency (Notes 7, 10).

Based on the terms of the New Debentures, the convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. In this case, as the conversion option on the instrument is bifurcated both before and after the modification or exchange, the Company used the 10% cash flow test. As a result, the change in cash flows were considered not substantial for the convertible debentures issued on June 17, 2022, and July 8, 2022, and extinguishment accounting was not applied. A new effective interest rate was determined and there was no gain or loss recorded on the condensed interim consolidated statements of operations and comprehensive loss. However, the convertible debentures issued on March 2, 2023, surpassed the 10% cash flow test and as a result, the debentures were considered extinguished. A new effective interest was determined and there was a loss on extinguishment recorded on the condensed interim consolidated statements of operations and comprehensive loss.

Under ASC 815, for the convertible debentures that did not meet the 10% cash flow test, the amended conversion feature and the replacement warrants were valued using the Black Scholes model and the difference between the fair value of the original conversion feature and amended conversion feature were reflected on the condensed interim consolidated statements of operations and comprehensive loss as a gain/loss on the revaluation of the derivative liabilities. The fair value of the warrants associated with the prior debentures was recognized as a gain/loss and the fair value of the replacement warrants were deducted from the face value of the replacement debentures. For the convertible debentures that surpassed the 10% cash flow test, the fair value of the debentures at maturity were present valued using the new effective interest rate of 44.01% and the conversion feature and replacement warrants were valued using the Black Scholes model. The difference between the present value of the new debentures, conversion feature, replacement warrants and the carrying value of the prior debentures, fair value of the original conversion feature and warrants were recorded on the condensed interim consolidated statements of operations and comprehensive loss as a loss on extinguishment of \$55.

On March 8, 2024, the Company issued 4,107,998 units and 41,707,215 common shares to settle \$1,924 of existing debenture debt with a carrying value of \$1,764. The fair value of the shares issued is \$2,723 and the fair value of the warrants issued is \$59. These warrants were determined to be liability classified as the warrants have an exercise price in a currency other than its functional currency (Notes 7, 10).

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8. CONVERTIBLE DEBENTURES (continued)

Certain directors and individuals did not receive warrants with their convertible debenture settlement and will receive these warrants upon the Company's listing on the CSE ("Contingent Warrants"). The Company expects to list in the near future, therefore management concluded that the issuance of the 41,707,215 Contingent Warrants is probable. As such, the fair value of the warrants as at March 8, 2024, of \$648 was recognized as a derivative liability at issuance (Note 14).

Under ASC 815, the conversion of debt with a bifurcated conversion option should be accounted for under the debt extinguishment accounting model. Therefore, both the debt and the conversion option that is accounted for as a derivative was derecognized at their carrying amounts and the consideration transferred should be measured at its then-current fair value, with any difference recorded as a gain or loss on the extinguishment of the two separate liabilities. The existing debenture settlement resulting in a loss on conversion of \$1,690.

Additionally, on March 8, 2024, the Company repaid convertible debentures of a total of \$831 in cash with a loss of \$5.

The fair value of the warrants and conversion features were determined using the Black-Scholes Option Pricing Model using the assumptions set out as follows:

	Initial recognition in 2023	Fair value at December 31, 2023	Initial recognition in 2024	Fair value at June 30, 2024
Risk-free interest rate	4.27%	3.91%	4.07 - 4.41%	3.51 - 4.02%
Expected volatility	10%	10%	10%	16.5%
Dividend yield	0%	0%	0%	0%
Expected life	1.67 years	0.13 – 0.84 years	1 – 5.56 years	0.63 – 5.25 years

A continuity schedule of the Company's convertible debt is as follows:

Balance as at December 31, 2022	\$	1,874
Issued		1,306
Fair value of conversion feature		(280)
Fair value of warrants		(248)
Accretion		460
Interest		432
Balance as at December 31, 2023	\$	3,544
Issued		211
Extinguished debt - fair value of conversion feature		(30)
Extinguished debt - fair value of warrants		(30)
Modified debt - fair value of warrants		(93)
Accretion		140
Interest		141
Extinguished		(150)
Converted		(1,975)
Repayment		(831)
Loss on repayment		5
Balance as at June 30, 2024	\$	932

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9. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

Share transactions for the six months ended June 30, 2024

- a) On February 16, 2024, the Company issued 3,500,000 common shares to settle existing debentures at a price of \$0.074 per common share (Note 8)
- b) On March 8, 2024, the Company issued 45,815,213 common shares to settle existing debentures at a price of \$0.042 per share (Note 8).
- c) On March 8, 2024, the Company closed a private placement consisting of an aggregate of 23,809,522 units at a price of \$0.042 (C\$0.05625) per unit for aggregate gross proceeds to the Company of \$1,000. Each unit consists of one common share and one common share purchase warrant of the Company (Note 7, 10).
- d) In June 2024, the Company issued 3,063,000 common shares in connection with stock options exercised for total proceeds of \$181.

Share transactions for the six months ended June 30, 2023

- e) No share capital activity in the Company during the six months ended June 30, 2023.

10. ADDITIONAL PAID-IN CAPITAL

- a) Stock options

The Company has a stock option plan under which the Company is authorized to grant stock options of up to 20% of the number of common shares issued and outstanding of the Company upon adoption on December 31, 2022.

The continuity of the number of stock options issued and outstanding is as follows:

	As at June 30, 2024		As at December 31, 2023	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Outstanding, beginning of period	49,239,020	0.10	29,614,283	0.11
Granted	14,295,000	0.07	23,544,737	0.08
Expired	(1,650,000)	0.07	(1,370,000)	0.06
Cancelled	(2,000,000)	0.17	(2,450,000)	0.10
Exercised	(3,063,000)	0.08	(100,000)	0.06
Outstanding, end of period	56,821,020	0.09	49,239,020	0.10

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10. ADDITIONAL PAID-IN CAPITAL (continued)

a) Stock options (continued)

As of June 30, 2024, and December 31, 2023, the number of stock options outstanding and exercisable were:

Expiry date	Exercise price (CAD)	Number of options outstanding	Remaining contractual life in years	Number of options exercisable
August 8, 2024	0.06	500,000	0.11	500,000
June 20, 2025	0.08	2,450,000	0.97	2,450,000
August 18, 2025	0.072	2,394,283	1.13	2,394,283
June 18, 2026	0.25	3,050,000	1.97	3,050,000
September 17, 2026	0.11	3,400,000	2.22	3,400,000
October 21, 2026	0.09	2,700,000	2.31	2,700,000
May 25, 2027	0.085	8,300,000	2.90	8,300,000
March 2, 2028	0.095	350,000	3.67	350,000
July 21, 2028	0.08	19,381,737	4.06	19,381,737
March 1, 2029	0.07	14,295,000	4.67	14,295,000
Balance, June 30, 2024		56,821,020		56,821,020

Expiry date	Exercise price (CAD)	Number of options outstanding	Remaining contractual life in years	Number of options exercisable
June 21, 2024	0.07	1,900,000	0.47	1,900,000
August 8, 2024	0.06	500,000	0.61	500,000
June 20, 2025	0.08	2,450,000	1.47	2,450,000
August 18, 2025	0.072	2,394,283	1.63	2,394,283
June 18, 2026	0.25	3,950,000	2.47	3,950,000
September 17, 2026	0.11	4,500,000	2.72	4,500,000
October 21, 2026	0.09	2,700,000	2.81	2,700,000
May 25, 2027	0.085	8,300,000	3.40	8,300,000
March 2, 2028	0.095	350,000	4.17	350,000
July 21, 2028	0.080	22,194,737	4.56	22,194,737
Outstanding, December 31, 2023		49,239,020		49,239,020

During the six months ended June 30, 2024, an amount of \$660 (2023 - \$26) was expensed as share-based payments related to the vesting of options. The portion of share-based payments recorded is based on the vesting schedule of the options. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model used to estimate the weighted average fair value of stock options granted during the six months ended June 30, 2024.

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10. ADDITIONAL PAID-IN CAPITAL (continued)

a) Stock options (continued)

	Six months ended June 30, 2024	Six months ended June 30, 2023
Risk-free interest rate	3.59%	3.66%
Expected life (years)	5	5
Annualized volatility	141%	145%
Forfeiture rate	0%	0%
Dividend yield	0%	0%

b) Share purchase warrants

The continuity of the number of share purchase warrants outstanding as of June 30, 2024, and December 31, 2023, is as follows:

	June 30, 2024		December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	119,626,027	\$ 0.09	101,165,012	\$ 0.09
Issued	43,614,402	0.06	18,461,015	0.07
Exercised	-	-	-	-
Cancelled	(32,270,021)	0.07	-	-
Outstanding, end of period	130,970,408	0.08	119,626,027	\$ 0.09

The following table summarizes warrants outstanding as of June 30, 2024, and December 31, 2023:

Expiry date	Currency	Exercise price	June 30, 2024	December 31, 2023
September 13, 2024	USD	0.10	26,488,733	26,488,733
September 27, 2024	USD	0.10	13,152,909	13,152,909
October 21, 2024	USD	0.10	31,672,632	31,672,632
February 17, 2024	USD	0.067	-	16,044,774
March 8, 2024	USD	0.067	-	13,805,964
November 2, 2024	USD	0.070	16,041,732	18,461,015
February 16, 2025	USD	0.06	15,696,882	-
March 8, 2029	USD	0.056	23,809,522	-
March 8, 2029	USD	0.056	4,107,998	-
Outstanding at the end of the period			130,970,408	119,626,027

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10. ADDITIONAL PAID-IN CAPITAL (continued)

c) Restricted share units

At the 2022 Annual General Meeting, the Company's stockholders approved issuance of common shares from treasury pursuant to the Company's Amended 2021 Restricted Share Unit Plan (the "RSU Plan") and reserved 30,330,661 shares for issuance under the RSU Plan. Under the RSU Plan, if the Company divests its interests, including the option to purchase, absent a merger, sale or similar transaction in a) one of either the Chaco Bear or Ashton projects, then 50% of the total RSUs that have not vested will be cancelled, or b) both the Chaco Bear or Ashton projects, then 100% of the total RSUs that have not vested will be cancelled.

There was no activity for Restricted share units ("RSU") during the six months ended June 30, 2024, and 2023.

During the six months ended June 30, 2024, an amount of \$Nil (2023 - \$162) was reversed out of share-based payments related to the cancellations of RSU's. The RSU's were tied to the Chaco Bear and Ashton property option agreements which was terminated on June 1, 2023 as a result, the RSU's were also cancelled.

The continuity of the number of RSUs issued and outstanding as of June 30, 2024, and December 31, 2023, is as follows:

	Number of RSUs
Outstanding at December 31, 2022	5,333,334
Cancelled	(5,333,334)
Outstanding at June 30, 2024, and December 31, 2023	-

11. RELATED PARTY TRANSACTIONS

The Company's related parties include its directors and officers whose remuneration was as follows, subject to change of control provisions for officers:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Salaries	\$ 99	\$ 115	\$ 212	\$ 230
Directors' fees	-	-	-	21
Share-based payments	-	(231)	281	(162)
Interest on convertible debenture	20	66	126	104
	\$ 119	\$ (50)	\$ 619	\$ 193

Other transactions for the six months ended June 30, 2024

- a) On February 16, 2024, former CEO, former CFO and directors of the Company restructured \$407 of their existing convertible debentures into the New Debentures (Note 8). The debentures bear interest at a rate of 20% per annum and mature on February 16, 2025, and are convertible into shares of the Company at \$0.06 (C\$0.08) per share. Additionally, certain directors converted \$259 of their existing convertible into 3,500,000 common shares at a price of \$0.074 (Notes 8, 9).
- b) On March 8, 2024, the former CFO and directors converted \$1,541 of their outstanding convertible debentures into 36,675,478 common shares at a price of US\$0.042 (Notes 8, 9).

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11. RELATED PARTY TRANSACTIONS (Continued)

- c) On March 8, 2024, the Company recognized 36,675,478 Contingent Warrants for former CEO, former CFO, directors, and other related parties who converted their existing debentures into units. The value of the contingent warrants upon recognition was \$570. The related parties will receive these warrants upon the Company's listing on the CSE (Note 8).
- d) On March 8, 2024, former CFO and directors subscribed for 12,202,380 common shares for a total proceeds of \$513 in relation of a private placement (Note 9). Additionally, the directors received 12,202,380 warrants with a value of \$177 (Note 9).
- e) As at June 30, 2024, the Company had \$30 (December 31, 2023 - \$290) in interest accrued relating to outstanding convertible debentures with directors and officers of the Company.
- f) As at June 30, 2024, there was \$Nil (December 31, 2023 - \$11) in prepaid expenses to the former CEO of the Company relating to wages paid during the year for services subsequent to period end.
- g) As at June 30, 2024, there was \$12 (December 31, 2023 - \$Nil) in accounts payable for CEO, and CFO of the Company relating to wages.

Other transactions for the six months ended June 30, 2023

- h) During the six months ended June 30, 2023, certain directors of the Company subscribed for \$1,135 of unsecured convertible debt in the third tranche (Note 9). The debentures bear interest at a rate of 14% per annum and mature on November 2, 2024, and are convertible into shares of the Company at \$0.070 (\$0.095 CAD) per share until January 2, 2024, and thereafter at \$0.074 (\$0.10 CAD) per share.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information relating to the Company's mineral properties as at June 30, 2024, and December 31, 2023, is as follows:

	June 30, 2024			December 31, 2023		
	Canada	USA	Total	Canada	USA	Total
Mineral properties	\$ -	\$ 7,802	\$ 7,802	\$ -	\$ 7,647	\$ 7,647

13. COMMITMENTS

To acquire certain mineral property interests as per Note 4, the Company must make optional acquisition expenditures to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors.

14. CONTINGENCIES

Water Rights

On July 23, 2021, the Company received a notice from the State of Nevada that three water rights permits had been forfeited. Further, the application for an extension of time to prevent forfeiture of a fourth certificate was denied. On August 20, 2021, the Company filed a Petition for Judicial Review of the Forfeiture Notice and has retained legal

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14. CONTINGENCIES (Continued)

counsel to undertake the appeal process. SPS subsequently filed and was granted a Stay of the Forfeiture Notice on September 15, 2021. SPS filed its Opening Brief on March 28, 2022. The State Engineer filed its Answering Brief on July 8, 2022. SPS filed its Reply Brief on August 25, 2022. A hearing regarding the status of the forfeiture appeal was held in the Third Judicial Court District in Lyon County on November 4, 2022. On December 6, 2022, the Judge remanded the case back to the State for further written findings based on issues raised at the hearing.

On August 30, 2023, SPS received written notice from the Nevada State Engineer in response to the Remand Order that the three water rights applications for Extensions of Time were denied and declared forfeited. The fourth certificate was not forfeited although the Extension of Time has not yet been approved.

On September 28, 2023 SPS simultaneously timely filed an Amended Petition for Review and a Complaint for Equitable Relief with the Third Judicial District Court in Lyon County, Nevada seeking judicial relief from the August 30 Forfeiture Notice. On October 10, 2023, the Judge signed an order granting a Stipulated Stay of the August 30, 2023 Forfeiture Notice while the appeal process is ongoing. A hearing regarding both legal paths described above is tentatively scheduled for January 2025.

The US firms representing SPS completed the briefing on the Amended Petition for Judicial Review and filed the opening brief on the Complaint for Equitable Relief. The hearing on both matters will occur in early January 2025. The firms interviewed the likely witnesses in the matters and developed the Declarations in Support of the Equitable Relief briefing. The firms await the response brief from the State of Nevada which is due on or before September 6, 2024. Thereafter the firms will determine whether expert or other witness testimony is necessary to the pursuit of the matters.

Just as SPS did with the initial forfeiture decision that was remanded by the Court, SPS continues to diligently defend against the wrongful forfeiture of its water rights with clear evidence of the need for those water rights in mine remediation, production and reclamation

Contingency Warrants

On March 8, 2024, the Company settled a portion of its Existing Debentures with the issuance of units (Note 8). Certain directors and individuals did not receive warrants with their convertible debenture settlement and will receive these warrants upon the Company's listing on the CSE ("Contingent Warrants"). The Company expects to list in the near future, therefore management concluded that the issuance of the 41,707,215 Contingent Warrants is probable (Note 8).

15. FINANCIAL INSTRUMENT RISKS

The board of directors has overall responsibility for establishing and oversight of the Company's risk management framework. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Financial instruments consist of cash and cash equivalents, accounts payable, accrued liabilities, lease liabilities, Rio Tinto deposit, SAFE notes, convertible debentures, derivative liabilities.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

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15. FINANCIAL INSTRUMENT RISKS (continued)

- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and stockholder returns. The principal financial risks to which the Company is exposed are, liquidity risk, currency risk, interest rate risk, credit risk and commodity price risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The carrying values of cash, accounts payable, accrued liabilities and Rio Tinto deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures and lease liabilities are recorded at amortized cost.

The Company's derivative liabilities is measured at its fair value at the end of each reporting period and is categorized as Level 2 in the fair value hierarchy.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from equity offerings or debt financings to meet its operating requirements, after considering existing cash and expected exercise of stock options and share purchase warrants. See Note 1 for further discussion.

b) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in the United States and Canada; therefore, it is exposed to currency risk from transactions denominated in CAD. Currently, the Company does not have any foreign exchange hedge programs and manages its operational CAD requirements through spot purchases in the foreign exchange markets. Based on CAD financial assets and liabilities' magnitude, the Company does not have material sensitivity to CAD to USD exchange rates.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to the interest rate risk on its liabilities through its outstanding borrowings and the interest earned on cash balances. The Company monitors its exposure to interest rates and maintains an investment policy that focuses primarily on the preservation of capital and liquidity.

d) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents. Cash and cash equivalents are held in large Canadian and US financial institutions that have high credit ratings assigned by international credit rating agencies.

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16. SUBSEQUENT EVENTS

In July 2024, the Company granted a total of 9,200,000 stock options exercisable at \$0.058 (C\$0.08) to certain officers and directors. 1,700,000 are fully vested on the grant date and 7,500,000 are subject to vesting milestones over five years.

In July 2024, 7,500,000 stock options issued to directors with grant dates from September 17, 2021 to July 21, 2023 were cancelled.