



**PAMPA METALS CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of Pampa Metals Corporation

## Opinion

We have audited the consolidated financial statements of Pampa Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

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

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has incurred losses since inception and has an accumulated deficit of \$17,852,240 as at the reporting date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

### Vancouver

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### Surrey

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### Tri-Cities

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320 - 730 View St.  
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Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

May 2, 2024

**PAMPA METALS CORPORATION**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

	December 31 2023	December 31 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,637,510	\$ 404,633
Receivables	30,307	69,884
Prepaid expenses and deposits	251,539	92,720
<b>Total current assets</b>	<b>1,919,356</b>	<b>567,237</b>
<b>Non-current assets</b>		
Equipment	23,748	34,456
Mineral property interests (Note 4)	254,143	4,855,222
<b>Total non-current assets</b>	<b>277,891</b>	<b>4,889,678</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,197,247</b>	<b>\$ 5,456,915</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 194,793	\$ 280,194
<b>TOTAL LIABILITIES</b>	<b>194,793</b>	<b>280,194</b>
<b>EQUITY</b>		
Share capital (Note 6)	16,926,789	12,159,947
Commitment to issue shares (Note 6)	-	132,825
Warrant reserves	1,379,814	1,049,260
Contributed surplus	1,548,091	788,605
Deficit	(17,852,240)	(8,953,916)
<b>TOTAL EQUITY</b>	<b>2,002,454</b>	<b>5,176,721</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,197,247</b>	<b>\$ 5,456,915</b>

**Nature of operations and going concern** (Note 1)  
**Events after reporting date** (Note 10)

These consolidated financial statements were authorized for issuance by the Board of Directors on May 2, 2024.

**Approved by the Board of Directors**

"Joseph van den Elsen" Director

"Adrian Manger" Director

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

**PAMPA METALS CORPORATION****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

	<b>Year ended December 31 2023</b>	<b>Year ended December 31 2022</b>
<b>Expenses</b>		
Consulting fees	\$ 12,290	\$ 260,875
Depreciation	10,708	9,959
Director and management fees (Note 7)	258,333	588,737
General and administration	185,576	148,930
Investor relations	149,943	1,120,763
Professional fees (Note 7)	337,482	259,768
Property investigation costs (Note 4)	52,250	-
Share-based compensation (Notes 6 and 7)	777,645	160,141
Transfer agent and shareholder information	62,552	70,408
	<b>1,846,779</b>	<b>2,619,581</b>
<b>Loss before other items</b>	<b>(1,846,779)</b>	<b>(2,619,581)</b>
Impairment of mineral property interests (Note 4)	(7,013,706)	(1,348,005)
Gain on debt settlement (Notes 5 and 6)	25,781	78,792
Interest income	1,670	738
Foreign exchange and other	(65,290)	(164,293)
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (8,898,324)</b>	<b>\$ (4,052,349)</b>
Basic and diluted loss per share	\$ (0.28)	\$ (0.21)
Weighted average number of shares outstanding - basic and diluted	31,769,465	19,373,842

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

**PAMPA METALS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	<b>Year ended December 31 2023</b>	<b>Year ended December 31 2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (8,898,324)	\$ (4,052,349)
<b>Items not affecting cash and cash equivalents:</b>		
Depreciation	10,708	9,959
Share-based compensation	777,645	160,141
Impairment of mineral property interests	7,013,706	1,348,005
Units and common shares issued for services	-	118,000
Gain on debt settlement	(25,781)	(78,792)
Unrealized foreign exchange	-	(1,551)
<b>Changes in non-cash working capital items:</b>		
Receivables	39,577	574
Prepaid expenses and deposits	(158,819)	(60,772)
Accounts payable and accrued liabilities	2,599	397,691
<b>Net cash used in operating activities</b>	<b>(1,238,689)</b>	<b>(2,080,302)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on mineral properties	(2,412,627)	(1,056,168)
<b>Net cash used in investing activities</b>	<b>(2,412,627)</b>	<b>(1,056,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements, net	4,566,917	2,205,473
Exercise of warrants	317,276	-
<b>Net cash provided by financing activities</b>	<b>4,884,193</b>	<b>2,205,473</b>
Effect of exchange rate changes	-	1,670
<b>Change during the year</b>	<b>1,232,877</b>	<b>(929,327)</b>
<b>Cash, beginning of year</b>	<b>404,633</b>	<b>1,333,960</b>
<b>Cash, end of year</b>	<b>\$ 1,637,510</b>	<b>\$ 404,633</b>

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

**PAMPA METALS CORPORATION**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Commitment to issue shares	Reserve	Contributed surplus	Deficit	Total
<b>Balance, December 31, 2021</b>	17,372,905	\$ 9,858,337	\$ -	\$ 995,314	\$ 628,464	\$ (4,901,567)	\$ 6,580,548
Common shares for services	157,333	118,000	-	-	-	-	118,000
Private placement units	3,956,723	2,184,389	-	49,820	-	-	2,234,209
Debt settlements	77,777	32,083	132,825	-	-	-	164,908
Share issue costs	-	(28,736)	-	-	-	-	(28,736)
Finder's warrants	-	(4,126)	-	4,126	-	-	-
Share-based compensation	-	-	-	-	160,141	-	160,141
Loss for the year	-	-	-	-	-	(4,052,349)	(4,052,349)
<b>Balance, December 31, 2022</b>	21,564,738	12,159,947	132,825	1,049,260	788,605	(8,953,916)	5,176,721
Debt settlements	212,649	48,047	-	14,172	-	-	62,219
Private placement units	29,017,734	4,702,649	-	64,001	-	-	4,766,650
Shares issued for commitment	322,000	132,825	(132,825)	-	-	-	-
Finder's shares and units	485,790	(39,400)	-	39,400	-	-	-
Share issue costs	-	(199,733)	-	-	-	-	(199,733)
Finder's warrants	-	(212,981)	-	212,981	-	-	-
Exercise of warrants	3,127,186	317,276	-	-	-	-	317,276
Share-based compensation	605,291	18,159	-	-	759,486	-	777,645
Loss for the year	-	-	-	-	-	(8,898,324)	(8,898,324)
<b>Balance, December 31, 2023</b>	55,335,388	\$ 16,926,789	\$ -	\$ 1,379,814	\$ 1,548,091	\$ (17,852,240)	\$ 2,002,454

On September 5, 2023 (the "Effective Date"), the Company completed a share consolidation on a basis of 1 "new" common share for 2.5 "old" common shares, with no fractional shares issued. All references to share capital, common shares outstanding, and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the share consolidation (Note 6).

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



## **PAMPA METALS CORPORATION**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Pampa Metals Corporation (the "Company" or "Pampa") is a mining exploration company focused on exploration of base metals and precious metals projects in the Americas, with a primary focus on the Piuquenes Copper-Gold Porphyry Project in San Juan, Argentina. The Company was incorporated under the British Columbia Business Corporations Act in 1999. The Company's head office and records office is 501 - 543 Granville Street, Vancouver, British Columbia. The Company's registered office is 1200 - 750 West Pender Street, Vancouver, British Columbia. The Company trades on the Canadian Securities Exchange (the "CSE"; CSE: PM); the Frankfurt Stock Exchange (FSE: FIR); and on the OTCQB (OTCQB: PMMCF).

#### *Going concern*

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

Several conditions cast doubt on the validity of the going concern assumption. The Company has incurred losses since inception and an accumulated deficit of \$17,852,240 as at the reporting date. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of mineral property interests, is dependent on the Company's ability to obtain necessary financing. Management is planning to raise additional capital to finance operations and exploration activities. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

#### **Basis of measurement**

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

#### **Basis of consolidation**

The consolidation of the financial statements incorporates the financial statements of the Company and its wholly owned subsidiary. The results of subsidiaries acquired or disposed of during the years presented are included in these consolidated statements of loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. An investor controls an investee if the investor has the power over the investee, has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investee's returns. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The Company has two wholly owned subsidiaries: Pampa Metals Chile SpA and Pampa Metals SAS, which are incorporated in Chile and Argentina, respectively.

## **PAMPA METALS CORPORATION**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### **2. BASIS OF PRESENTATION (cont'd...)**

#### **Functional and presentation currency**

The consolidated financial statements have been prepared in Canadian dollars, which is the Company's presentation currency. The functional currency of the Company and its subsidiaries is the Canadian dollar.

#### **Critical accounting estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- Going concern - management must make an assessment as to the going concern basis of accounting and uncertainties associated with the Company's ability to raise additional capital and/or obtain financing to advance its exploration properties;
- Impairment of mineral property interests - the application of the Company's accounting policy for impairment of mineral property interests requires judgment in determining if the facts and circumstances suggests that the carrying amount exceeds the recoverable amount;
- Restricted share units - management prepares fair value estimates of awards likely to vest on grant and at each reporting date up to the vesting date; and
- Share-based compensation - management prepares fair value estimates in determining the amount of share-based compensation expense to record in the Company's consolidated statement of loss and comprehensive loss associated with the Company's share compensation plan. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including an expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **Foreign currencies**

The functional currency of the parent company and its subsidiary is the Canadian dollar. The Canadian dollar is also the currency in which it presents these consolidated financial statements. The Company and its subsidiary recognize transactions in currencies other than the Canadian dollar at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statements of loss and comprehensive loss using the end of reporting period exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at each reporting date.

## PAMPA METALS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

#### Financial Instruments

##### *Recognition*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

##### *Classification and Measurement*

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting date. All other financial assets are measured at their fair values at each subsequent reporting date, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consists of cash, which is classified and subsequently measured at FVTPL. The Company's financial liabilities consist of accounts payable and accrued liabilities which are classified and measured at amortized cost using the effective interest method.

#### Loss per share

The Company presents basic and diluted loss per share ("EPS") data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive stock options, and warrants are used to repurchase common shares at the average market price during the period. Diluted EPS does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is antidilutive.

## **PAMPA METALS CORPORATION**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)**

#### **Mineral properties**

Exploration and evaluation expenditures incurred prior to the acquisition of a mineral property interest or the right to explore are obtained are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to mineral property interests. Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. These costs would also include periodic fees such as license and maintenance fees. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement.

Management assesses mineral properties for impairment when facts or circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities; and
- sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When this is the case, the Company would carry out an impairment test on the asset or group of assets, which requires estimates and judgments in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or a value-in-use calculation. Where the recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. If a mineral property interest is abandoned, the acquisition costs will be written off to the consolidated statement of loss and comprehensive loss.

Once an economically viable resource has been determined for an area and the decision to proceed with development has been approved, mineral property interests attributable to that area are first tested for impairment and then reclassified to capital work in progress. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If the property is put into production, the costs of acquisition and exploration and evaluation will be amortized over the life of the property. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written down to its recoverable amount.

#### **Share-based compensation transactions**

##### *Stock options and finder warrants*

The fair value of stock options granted to employees, officers, and directors and finder warrants are determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of stock options or finder warrants granted are measured at the fair value of goods and services received from these parties or by using the Black-Scholes option pricing model if the fair value of goods or services received cannot be measured reliably.

When stock options or finder warrants are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

#### **Income taxes**

Income tax on these consolidated statements of loss and comprehensive loss for the years presented comprises current and deferred tax. Income tax is recognized in these consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

## PAMPA METALS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

### 3. MATERIAL ACCOUNTING POLICIES (cont'd...)

#### Income taxes (cont'd...)

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of common shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any differences between gross proceeds and the estimated fair market value of the common shares. If the proceeds from the offering are less than or equal to the estimated fair market value of common shares issued, no value is assigned to the warrants. Warrants that are issued as payment to a finder or other transaction costs are accounted for as share-based payments.

### 4. MINERAL PROPERTY INTERESTS

Below is the continuity of mineral property interests capitalized to the statements of financial position for the years ended December 31, 2023 and December 31, 2022:

	Copper Exploration Properties <sup>(1)</sup>	Piuquenes Project	December 31, 2023
Acquisition costs, December 31, 2022	\$ 2,291,981	\$ -	\$ 2,291,981
Acquisitions costs, cash	-	67,776	67,776
<b>Acquisition costs, December 31, 2023</b>	<b>2,291,981</b>	<b>67,776</b>	<b>2,359,757</b>
Exploration costs, December 31, 2022	2,563,241	-	2,563,241
Geochemistry, geophysics, and other	139,700	61,752	201,452
Drilling and field costs	1,584,408	34,552	1,618,960
Property maintenance costs	351,540	5,227	356,767
Other exploration costs	82,836	84,836	167,672
Subtotal, exploration costs	2,158,484	186,367	2,344,851
<b>Exploration costs, December 31, 2023</b>	<b>4,721,726</b>	<b>186,367</b>	<b>4,908,092</b>
<b>Impairment</b>	<b>(7,013,706)</b>	<b>-</b>	<b>(7,013,706)</b>
<b>Mineral property interests, December 31, 2023</b>	<b>\$ -</b>	<b>\$ 254,143</b>	<b>\$ 254,143</b>

<sup>(1)</sup> Copper Exploration Properties consist of Morros Blancos, Cerro Blanco, Cerro B. Aires, Redondo Veronica, Block 2, Block 3, Buenavista (formerly Block 4), and Arrieros projects.

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**4. MINERAL PROPERTY INTERESTS (cont'd...)**

	Copper Exploration Properties <sup>(1)</sup>	VerAI	December 31, 2022
<b>Acquisition costs, December 31, 2021 and 2022</b>	\$ 2,291,981	\$ -	\$ 2,291,981
<b>Exploration costs, December 31, 2021</b>	2,855,078	-	2,855,078
Geochemistry, geophysics, and other	573,220	65,918	639,138
Property maintenance costs	238,704	47,871	286,575
Other exploration costs	120,159	10,296	130,455
Subtotal, exploration costs	932,083	124,085	1,056,168
<b>Exploration costs, December 31, 2022</b>	3,787,161	124,085	3,911,246
<b>Impairment</b>	(1,223,920)	(124,085)	(1,348,005)
<b>Mineral property interests, December 31, 2022</b>	\$ 4,855,222	\$ -	\$ 4,855,222

<sup>(1)</sup> Copper Exploration Properties consist of Morros Blancos, Cerro Blanco, Cerro B. Aires, Redondo Veronica, Block 2, Block 3, Buenavista (formerly Block 4), and Arrieros projects.

*Piuquenes Project, Argentina*

In November 2023, the Company entered into an option agreement to acquire an 80% interest in the Piuquenes porphyry copper-gold project located in the San Juan province, Argentina (the "Piuquenes Project"). Within the four years following November 30, 2023 (the "Commencement Date"), the Company has agreed to:

- a) complete at least 6,000 meters of mineral exploration drilling during the first 2 years;
- b) spend a minimum of \$6,000,000 in exploration of the property, in addition to expenditures made to satisfy (a) above;
- c) pay staged option payments totaling US\$1,250,000 as outlined below:
  - US\$50,000 on the Commencement Date (paid);
  - US\$200,000 upon commencement of first drill program on the project (completed and paid subsequently);
  - US\$250,000 on 183 days following the commencement of the first drill program on the project;
  - US\$250,000 on the first anniversary of the Commencement Date;
  - US\$250,000 on the second anniversary of the Commencement Date; and
  - US\$250,000 on the third anniversary of the Commencement Date.
- d) pay and deliver to optionor the following:
  - a. payment of \$14,750,000, of which a maximum of \$2,500,000 can be settled through issuance of common shares of the Company at a price per share equal to the trailing 30-day VWAP as at the date of exercise of the option; and
  - b. grant a 1.25% net smelter return ("NSR") royalty on the project, and

During the year ended December 31, 2023, the Company incurred \$52,250 (2022 - \$Nil) of property investigation costs relating to the Piuquenes Project which were expensed.

*Copper Exploration Properties*

During the year ended December 31, 2020, the Company acquired a 100% interest in eight copper exploration properties consisting of the Morros Blancos, Cerro Blanco, Cerro B. Aires, Redondo Veronica, Block 2, Block 3, Buenavista (formerly Block 4), and Arrieros projects (collectively the "Chile Projects") in northern Chile from Revelo Resources Corp. ("Revelo").

During the year ended December 31, 2022, the Company abandoned the Block 2 project and concurrently reduced the footprint of the Arrieros project. As a result, management determined that the recoverable value of the Block 2 project was \$Nil as at December 31, 2022 and an impairment of \$287,101 was recognized. Management estimated the recoverable value of the Arrieros project based on the remaining 900 hectares retained for exploration on the project, and a partial impairment of \$936,819 was recorded as at December 31, 2022.

During the year ended December 31, 2023, the Company determined that the recoverable value of the Chile Projects to be \$Nil as at December 31, 2023 and intends to allow any remaining of the Chilean claims to lapse. A full impairment of \$7,013,706 was recognized.

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### 4. MINERAL PROPERTY INTERESTS (cont'd...)

*VerAI Discoveries, Inc.*

In February 2022, the Company signed a definitive agreement with VerAI Discoveries, Inc. ("VerAI"), whereby the Company could acquire up to a 75% joint venture ownership interest in certain exploration permits granted to VerAI's Chilean subsidiary through meeting minimum exploration expenditures over a five-year period. In December 2022, the Company terminated its agreement with VerAI with both parties mutually declaring that they have performed each of their obligations under the agreement. As a result, the recoverable value of this mineral property interest was determined to be \$Nil and recognized a full impairment of \$124,085.

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2023	December 31 2022
Accounts payable	\$ 112,614	\$ 164,956
Accrued liabilities	82,179	115,238
	<u>\$ 194,793</u>	<u>\$ 280,194</u>

During the year ended December 31, 2022, the Company entered into debt settlement agreements with former and current management and directors to settle outstanding fees owing of \$358,500 through the issuance of cash and common shares with a total value of \$279,708, resulting in a gain on debt settlement of \$78,792. As at December 31, 2022, there was \$75,600 recorded in accounts payable and accrued liabilities (paid in March 2023) and \$132,825 recorded as a commitment to issue shares (322,000 common shares issued in March 2023, Note 6) related to the debt settlements.

During the year ended December 31, 2023, the Company entered into debt settlement agreements to settle outstanding payable of \$88,000 through the issuance of 145,982 common shares and 66,667 units with a fair value of \$62,219, resulting in a net gain on debt settlement of \$25,781 (Note 6).

### 6. SHARE CAPITAL

#### Authorized

The Company is authorized to issue an unlimited number of common shares.

#### Share Consolidation

On September 5, 2023 (the "Effective Date"), the Company completed a share consolidation on a basis of 1 new common share for 2.5 old common shares, with no fractional shares issued. On the Effective Date, the Company had 29,117,310 common shares outstanding and all outstanding stock options and share purchase warrants have been adjusted accordingly to reflect the share consolidation. All references below for time periods prior to the share consolidation have been restated to reflect the share consolidation.

#### Issued and outstanding

*Year ended December 31, 2023*

On December 12, 2023, 605,291 RSUs were redeemed for 605,291 common shares at fair value of \$18,159.

In December 2023, the Company closed a private placement offering of 10,000,000 units at a price of \$0.16 per unit for gross proceeds of \$1,600,000. Each unit is comprised of one common share and one warrant with an exercise price of \$0.30 per share for a period of 36 months from the closing dates of each tranche of the offering (being December 20 and 28, 2023). The residual value of the warrant component of the units issued was estimated as \$Nil using the share prices on the CSE on the closing date of \$0.21 and \$0.17. The Company paid \$37,800 in finder's fees. The Company issued 236,250 finder's warrants with a fair value of \$39,382 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.21, risk-free rate of 3.71%, dividend rate of 0%, expected life of 3 years, and volatility of 154%. Each warrant is exercisable into one common share at an exercise price of \$0.30 for a period of 36 months from issuance.

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#### 6. SHARE CAPITAL (cont'd...)

##### Issued and outstanding (cont'd...)

In September 2023, the Company closed a private placement offering of 3,200,000 units at a price of \$0.05 per unit for gross proceeds of \$160,000. Each unit is comprised of one common share and one warrant with an exercise price of \$0.075 per share for a period of 36 months from the closing date of the offering. The residual value of the warrant component of the units issued was estimated as \$16,000 using the share price on the CSE on the closing date of \$0.045. The Company paid \$8,680 as finder's fees. The Company issued 173,600 finders' warrants with a fair value of \$5,318 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.045, risk-free rate of 4.64%, dividend rate of 0%, expected life of 3 years, and volatility of 128%. Each warrant is exercisable into one common share at an exercise price of \$0.075 for a period of 36 months from issuance.

In September 2023, the Company closed a private placement offering of 9,000,000 units at a price of \$0.05 per unit for gross proceeds of \$450,000. Each unit is comprised of one common share and one warrant with an exercise price of \$0.075 per share for a period of 36 months from the closing date of the offering. The residual value of the warrant component of the units issued was estimated as \$Nil using the share price on the CSE on the closing date of \$0.10. The Company paid \$5,950 and issued 285,600 common shares, fair valued at \$14,280, as finder's fees. The Company issued 404,600 finder's warrants with a fair value of \$30,641 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.10, risk-free rate of 4.42%, dividend rate of 0%, expected life of 3 years, and volatility of 119%. Each warrant is exercisable into one common share at an exercise price of \$0.075 for a period of 36 months from issuance.

In June 2023, the Company issued 145,982 common shares, fair valued at \$25,547, to settle accounts payable of \$63,000, resulting in a gain on settlement of \$37,453.

In March 2023, the Company closed a private placement offering of 960,000 units at a price of \$0.375 per unit for gross proceeds of \$360,000. Each unit is comprised of one common share and one purchase warrant with an exercise price of \$0.525 per share for a period of 36 months from the closing date of the offering. The residual value of the warrants issued was estimated as \$48,001 using the share price on the CSE on the closing date of \$0.325.

For the above issuance, the Company paid \$1,750 and issued 62,533 common shares, valued at \$17,978, as finder's fees. The Company issued 129,733 finder's warrants with a fair value of \$26,297 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.325, risk-free rate of 3.28%, dividend rate of 0%, expected life of 3 years, and volatility of 116%. Each warrant is exercisable into one common share at an exercise price of \$0.525 for a period of 36 months from issuance.

In March 2023, the Company issued 322,000 common shares to former and current management and directors to settle its commitment to issue shares of \$132,825.

In March 2023, the Company issued 66,667 units, valued at \$36,672, to settle accounts payable of \$25,000 resulting in a loss on settlement of \$11,672. Each unit is comprised of one common share and one warrant with an exercise price of \$0.525, expiring 36 months from issuance. The fair value of the warrant component was estimated as \$14,172 using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.338, risk-free rate of 3.40%, dividend rate of 0%, expected life of 3 years, and volatility of 116%.

In March 2023, the Company closed a private placement offering of 5,857,734 units at a price of \$0.375 per unit for gross proceeds of \$2,196,650. Each unit is comprised of one common share and one warrant, where each warrant is exercisable into one common share at an exercise price of \$0.525 per share for a period of 36 months from the closing date of the offering.

For the above offering, the Company paid \$94,724 and issued 137,657 finder's units, valued at \$85,859, as finder's fees. Each finder's unit is comprised of one common share and one warrant with an exercise price of \$0.525 for a period of 36 months from issuance. The fair value of the warrant component was estimated as \$39,400 using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.425, risk-free rate of 4.04%, dividend rate of 0%, expected life of 3 years, and volatility of 117%. The Company issued 390,254 finder's warrants with a fair value of \$111,343 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.425, risk-free rate of 3.85%, dividend rate of 0%, expected life of 3 years, and volatility of 116%.



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### 6. SHARE CAPITAL (cont'd...)

#### Issued and outstanding (cont'd...)

During the year ended December 31, 2023, the Company issued 3,127,186 common shares for exercise of warrants at \$0.105 and \$0.095 per share for gross proceeds of \$212,030 and \$105,426, respectively.

During the year ended December 31, 2023, the Company paid \$50,829 in legal expenses in relation to the above private placements.

#### Year ended December 31, 2022

In May 2022, the Company completed the second tranche of a private placement offering of 1,660,666 units at a price of \$0.30 per unit for gross proceeds of \$498,199. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.50 per share for a period of 24 months from the closing date. The Company may reduce the exercise period of the warrants to 30 days from the date the Company provides notice to the warrant holders that the weighted average trading price of the common shares on the CSE is \$0.90 or greater for a period of 10 consecutive trading days. The residual value of the warrants issued was estimated as \$49,820 using the share price on the CSE on the closing date of \$0.27. The Company issued 31,500 broker warrants with a fair value of \$4,126 estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.27, risk-free rates between 2.69%, dividend rate of 0%, expected life of between 2 years, and volatility of 119%.

In May 2022, the Company issued 77,931 common shares, valued at \$23,379, for services provided.

In March 2022, the Company issued 315,401 common shares, valued at \$94,620, for services provided.

In March 2022, the Company completed the first tranche of a private placement offering of 3,786,699 units at a price of \$0.30 per unit for gross proceeds of \$1,136,010. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.50 per share for a period of 24 months. The Company may reduce the exercise period of the warrants to 30 days from the date the Company provides notice to the warrant holders that the weighted average trading price of the common shares on the CSE is \$0.90 or greater for a period of 10 consecutive trading days. The residual value of the warrants issued was estimated as \$Nil using the share price on the CSE on the closing date of \$0.68.

#### Warrants and finder warrants

The movements in warrants and finder warrants for the years ended December 31, 2023 and 2022 are summarized as follows:

	Outstanding	Weighted average exercise price
As at December 31, 2021	3,687,961	\$ 1.50
Issued	2,879,850	0.78
Expired	(2,340,902)	1.50
As at December 31, 2022	4,226,909	1.00
Issued	25,556,494	0.16
Exercised	(3,127,186)	0.10
Expired	(1,347,059)	1.50
As at December 31, 2023	25,309,158	\$ 0.21

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**6. SHARE CAPITAL** (cont'd...)**Warrants and finder warrants** (cont'd...)

As at December 31, 2023, the weighted average remaining life of the warrants and finder warrants outstanding was 2.16 (2022 - 1.59) years and the Company's outstanding warrants and finder warrants are as follows:

	Outstanding	Exercise price
<b>Warrants</b>		
January 23, 2024 ( <i>originally November 10, 2025</i> ) <sup>(2)</sup>	600,740	\$ 0.095
January 23, 2024 ( <i>originally March 2, 2026</i> ) <sup>(2)</sup>	3,838,399	0.105
March 21, 2024 <sup>(1)</sup>	757,340	1.25
May 6, 2024	332,133	1.25
November 10, 2025	69,185	0.48
March 2, 2026	137,657	0.53
March 27, 2026	66,667	0.53
March 31, 2026	960,000	0.53
September 11, 2026	9,000,000	0.075
September 27, 2026	3,200,000	0.075
December 20, 2026	3,875,000	0.30
December 28, 2026	1,125,000	0.30
<b>Finder's warrants</b>		
May 6, 2024	12,600	1.25
March 2, 2026	390,254	0.53
March 31, 2026	129,733	0.53
September 11, 2026	404,600	0.075
September 27, 2026	173,600	0.075
December 20, 2026	236,250	\$ 0.30

<sup>(1)</sup> Expired subsequently unexercised

<sup>(2)</sup> Re-priced during the year ended December 31, 2023 with expiry acceleration provisions, of which the conditions were met during December 2023 (Note 10)

**Stock options**

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Stock Option Plan"). The maximum price shall not be less than the closing price of the common shares on the last trading day preceding the date on which the grant of options is approved by the Board of Directors. Options have a maximum expiry period of ten years from the grant date. The number of options that may be issued under the Stock Option Plan is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant

In April 2023, the Company granted 2,000,000 stock options in two tranches, with an exercise price of \$0.53 per share and expiry date of April 4, 2028 and April 18, 2028. The stock options immediately vested upon grant. 1,100,000 stock options included in the stock option grant were accounted for as replacement and modification of stock options previously granted on December 22, 2020.

In September 2023, the Company granted 500,000 stock options, with an exercise price of \$0.075 per share and expiry date of September 28, 2026. The stock options immediately vested upon grant.

In November 2023, the Company granted 735,000 stock options, with an exercise price of \$0.075 per share and expiry date of November 20, 2026. The stock options immediately vested upon grant. 435,000 stock options included in the stock option grant were accounted for as replacement and modification of stock options previously granted on December 22, 2020.

In December 2023, the Company granted 650,000 stock options, with an exercise price of 0.30 per share and expiry date of December 28, 2026. The stock options immediately vested upon grant.

During the year ended December 31, 2023, the Company recorded share-based compensation of \$759,486 (December 31, 2022 - \$160,141) related to the fair value of the stock options vested in the period. The fair value was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 5 year expected life; share price at grant date of \$0.22, 150% volatility, risk free rate of 3.47%, and dividend yield of 0%.

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**6. SHARE CAPITAL (cont'd...)****Stock options (cont'd...)**

In November 2022, the Company accelerated the vesting date of 160,000 stock options expiring on December 22, 2025, where they were originally to vest on December 22, 2022. The expiry date of 160,000 stock options was set to early expire on November 18, 2023, and the expiry date of an additional 160,000 stock options was set to early expire on December 1, 2023.

The movements in stock options for the years ended December 31, 2023 and 2022 are summarized as follows:

	Outstanding		Weighted average exercise price
As at December 31, 2021	1,440,000	\$	1.13
Expired/cancelled	(400,000)		1.13
As at December 31, 2022	1,040,000		1.13
Granted	3,885,000		0.34
Cancelled	(560,000)		1.13
Expired	(320,000)		1.13
As at December 31, 2023	4,045,000	\$	0.38

As at December 31, 2023, the weighted average remaining life of the stock options outstanding was 3.53 (2022 - 2.98) years and the Company's outstanding warrants are as follows:

	Outstanding	Exercisable		Exercise price
December 22, 2025	160,000	160,000	\$	1.125
September 28, 2026	500,000	500,000		0.075
November 20, 2026	735,000	735,000		0.075
December 28, 2026	650,000	650,000		0.30
April 4, 2028	1,700,000	1,700,000		0.525
April 18, 2028	300,000	300,000	\$	0.525

**Restricted share units**

The Company grants restricted share units ("RSUs") to directors, officers, employees and consultants as compensation for services, pursuant to its RSU Plan (the "RSU Plan"). One restricted share unit has the same value as a common share of the Company. The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. At the election of the Board of Directors, upon each vesting date, participants receive (a) the issuance of common shares from treasury equal to the number of RSUs vesting, or (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the CSE for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the choice of settlement in shares has no commercial substance, or the Company has a past practice or a stated policy of setting in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, RSUs are accounted for as equity settled share-based payments and are valued using the share price on grant date. Upon settlement:

- If the Company elects to settle in cash, the cash payment is accounted for as the repurchase of an equity interest (i.e. as a deduction from equity), except as noted in (c) below.
- If the Company elects to settle by issuing shares, the value of RSUs initially recognized in reserves is reclassified to share capital, except as noted in (c) below.
- If the Company elects the settlement alternative with the higher fair value, as at the date of settlement, the Company recognizes an additional expense for the excess value given (i.e. the difference between the cash paid and the fair value of shares that would otherwise have been issued, or the difference between the fair value of the shares and the amount of cash that would otherwise have been paid, whichever is applicable).

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### 6. SHARE CAPITAL (cont'd...)

#### Restricted share units (cont'd...)

In December 2023, the Company granted 605,291 restricted share units ("RSUs") to the CEO, subject to vesting upon the 10-day volume weighted average trading price ("VWAP") of the common shares being equal to \$0.10 (condition met). In accordance, these RSUs vested and the Company recorded share-based compensation of \$18,159 (2022 - \$Nil), with an offsetting amount credited to share capital.

On December 28, 2023, the Company granted 1,000,000 RSUs to the CEO, subject to vesting: (a) 50% when the 10-day VWAP of the common shares being equal to \$0.30 and (b) an additional 50% upon the 10-day VWAP of the common shares being equal to \$0.45. In accordance, the Company recorded share-based compensation of \$Nil (2022 - \$Nil).

In December 2023, the Company granted 467,138 RSUs to a consultant, subject to vesting upon the 10-day VWAP of the common shares being equal to \$0.30. In accordance, the Company recorded share-based compensation of \$Nil (2022 - \$Nil).

### 7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's CEO, CFO and members of the Company's Board of Directors.

Compensation awarded to key directors and management personnel, included in director and management fees, professional fees and share-based compensation, is as follows:

	December 31	December 31
	2023	2022
<b>For the year ended</b>		
Director and management fees	\$ 258,333	\$ 590,249
Professional fees	122,500	10,000
Share-based compensation	557,791	160,141
	<b>\$ 938,624</b>	<b>\$ 760,390</b>

As at December 31, 2023, there was \$Nil (2022 - \$44,441) owed to key management personnel recorded in accounts payable and accrued liabilities and \$Nil (2022 - \$66,413) recorded as a commitment to issue shares.

During the year ended December 31, 2022, the Company entered into debt settlement agreements with former and current management and directors to settle outstanding fees owing of \$358,500 through the issuance of cash and common shares with a total value of \$279,708, resulting in a gain on debt settlement of \$78,792. During the year ended December 31, 2023, the Company issued 322,000 common shares to former and current management and directors to settle its commitment of \$132,825.

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### 8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

#### Capital management

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral property interests. The Board of Directors 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. The mineral property interests in which the Company currently has an interest in are at the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional mineral properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

#### Fair value

The three levels of the fair value hierarchy are:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

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 enters into financial instrument contracts to finance its operations in the normal course of business. The fair values of cash and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

The Company classified its financial instruments as follows:

		December 31 2023	December 31 2022
<b>Financial assets - amortized costs</b>			
Cash	Level 1	\$ 1,637,510	\$ 406,633
<b>Financial liabilities - amortized costs</b>			
Accounts payable and accrued liabilities	Level 1	\$ 194,793	\$ 280,194

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity price risk). Risk management is carried out by the Company's management team, with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance on overall risk management.

#### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's cash is largely held with Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with a Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities that require the use of cash. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at the reporting date, the Company had working capital of \$1,724,563 (2022 - \$287,043).

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**8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (cont'd...)****Foreign exchange risk**

The Company's functional and reporting currency is the Canadian dollar and substantially all expenditures of the parent company are denominated in Canadian dollars and substantially all expenditures in Chile and Argentina are denominated in the Chilean Peso and Argentine Peso. A 10% appreciation (depreciation) of these currencies against the Canadian dollar, with all other variables held constant, would not result in any significant changes to the Company's loss and comprehensive loss for the year.

**9. INCOME TAXES**

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	December 31 2023	December 31 2022
<b>For the year ended</b>		
Loss before income taxes	\$ (8,898,324)	\$ (4,052,349)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery at statutory income tax rate	2,402,547	1,094,135
Non-deductible expenditures and other	(302,378)	(112,585)
Adjustment to prior year provision versus statutory tax returns	(83,319)	(3,380)
Change in unrecognized tax benefit	(2,016,850)	(978,170)
Income tax recovery	\$ -	\$ -
Current income tax recovery	\$ -	\$ -
Deferred income tax recovery	\$ -	\$ -

The temporary differences and unused tax losses that give rise to the deferred income tax balances are presented below:

	December 31 2023	December 31 2022
Non-capital losses	\$ 2,350,589	\$ 2,089,459
Share issue costs and other	93,711	122,416
Exploration and evaluation	2,130,179	346,295
	4,575,019	2,558,170
Unrecognized deferred tax assets	(4,575,019)	(2,558,170)
Net deferred income tax assets (liabilities)	\$ -	\$ -

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

	December 31 2023	Expiry date range	December 31 2022	Expiry date range
Non-capital losses	\$ 8,705,885	2038 to 2042	\$ 7,738,738	2038 to 2041
Share issue costs and other	347,078	N/A	453,391	N/A
Exploration and evaluation	\$ 8,156,195	N/A	\$ 6,137,795	N/A

At December 31, 2023, the potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future taxable income will allow the deferred tax assets to be recovered.

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### **10. EVENTS AFTER REPORTING DATE**

Subsequent to December 31, 2023, the Company:

- a) completed the expiry acceleration of certain warrants (Note 6), resulting in issuance of 3,978,399 common shares for gross proceeds of \$412,465, with 460,740 warrants expired unexercised;
- b) issued 1,019,000 common shares for exercise of warrants at \$0.075 per shares for gross proceeds of \$76,425;
- c) granted 800,000 stock options and 650,000 RSUs to key management personnel and consultants. The stock options are exercisable at \$0.40 until April 17, 2026 and the RSUs will vest upon the 10-day VWAP of the common shares being equal to \$0.40; and
- d) closed a private placement offering of 8,427,500 units at a price of \$0.24 per unit for gross proceeds of \$2,022,600. Each unit is comprised of one common share and one-half warrant with an exercise price of \$0.40 per share for a period of 36 months from the closing. The Company paid \$375,852 as finder's fees and issued 316,050 finder's warrants with an exercisable into one common share at an exercise price of \$0.40 for a period of 36 months from issuance.