BacTech Environmental Corporation

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023

(Unaudited)

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For the three months ended March 31, 2024 and 2023

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, McGovern, Hurley, Cunningham, LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

BacTech Environmental Corporation
May 28, 2024

BacTech Environmental Corporation
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	As at March 31 2024	As at December 31 2023
	$	$
Assets		
Current assets		
Cash	**17,901**	73,199
Sales taxes receivable	**11,152**	15,974
Prepaids and deposits	**174,739**	284,946
Total current assets	**203,792**	374,119
Non-Current assets		
Land *(note 15)*	**980,564**	980,564
Guarantee and other deposits	**95,186**	92,911
Total non-current assets	**1,075,750**	1,073,475
Total assets	**1,279,542**	1,447,594
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(notes 6 and 7)*	**2,129,049**	1,879,442
Government assistance *(note 20)*	**60,000**	60,000
Payable to Aquila Resources Inc. *(note 5)*	**161,294**	161,294
Debentures *(note 8a)*	**100,000**	100,000
Convertible debentures (*note 8b*)	**1,322,017**	1,283,027
Total current liabilities	**3,772,360**	3,483,763
Liabilities related to abandoned subsidiary *(note 19)*	**180,647**	180,647
Total liabilities	**3,953,007**	3,664,410
Shareholders' deficiency		
Share capital *(note 9)*	**10,494,623**	10,494,623
Option reserve *(note 11)*	**979,496**	960,901
Warrant reserve *(note 10)*	**663,900**	1,205,090
Equity conversions feature (*note 8b*)	**188,838**	188,838
Deficit	**(15,000,322)**	(15,066,268)
Total shareholders' deficiency	**(2,673,465)**	(2,216,816)
Total liabilities and shareholders' deficiency	**1,279,542**	1,447,594

Nature of Operations and Going Concern (*note 1*)
Commitments and Contingencies *(note 18)*
The accompanying notes are an integral part of these condensed interim consolidated financial statements.
Approved by the Board

Signed: *"Ross Orr"* | Signed: *"Jay Richardson"*
Director | **Director**

BacTech Environmental Corporation
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31	
	2024	**2023**
	$	$
Expenses		
Operating and administrative costs (*note 13*)	**373,198**	387,562
Finance charges *(note 14)*	**70,260**	51,362
Project expenditures	**31,786**	18,981
Total expense	**475,244**	457,905
Net loss for the period from operations	**(475,244)**	(457,905)
Net loss and comprehensive loss for the period	**(475,224)**	(457,905)
Basic and diluted loss per share *(note 12)*	**0.00**	0.00
Weighted average number of common shares outstanding (*note 12)*	**193,035,623**	174,986,443

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

BacTech Environmental Corporation
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Share Capital	Share Capital	Option Reserve	Warrant Reserve	Equity Conversion Reserve	Deficit	Deficit
	#	$	$	$	$	$	$
Balance, December 31, 2022	174,210,334	9,362,686	865,487	1,601,057	135,916	(13,914,995)	(1,949,849)
Shares issued pursuant to private placement *(note 9 (i))*	100,000	4,000	-	2,600	-	-	6,600
Shares issued pursuant to private placement *(note 9 (ii))*	9,150,000	542,794	-	189,206	-	-	732,000
Share issue costs	-	(25,880)	-	(8,700)	-	-	(34,580)
Share based payments *(note 11)*	-	-	24,055	-	-	-	24,055
Net loss for the period	-	-	-	-	-	(457,905)	(457,905)
Balance, March 31, 2023	183,460,334	9,883,600	889,542	1,784,163	135,916	(14,372,900)	(1,679,679)
Shares issued pursuant to private placement *(note 9 (iii))*	1,900,000	115,717	-	36,283	-	-	152,000
Shares issued pursuant to private placement *(note 9 (iv))*	7,675,500	527,823	-	86,217	-	-	614,040
Equity component of debenture *(note 8 (b))*	-	-	-	-	52,922		52,922
Broker warrants (*note 9 (ii and iv))*	-	(16,547)	-	16,547	-	-	-
Share issue costs	-	(15,970)	-	(5,774)	-	-	(21,744)
Expired Options	-	-	(58,839)	-	-	58,839	-
Expired Warrants	-	-	-	(712,346)	-	712,346	-
Share based payments *(note 11)*	-	-	130,198	-	-	-	130,198
Net loss for the period	-	-	-	-	-	(1,464,553)	(1,464,553)
Balance, December 31, 2023	**193,035,834**	**10,494,623**	**960,901**	**1,205,090**	**188,838**	**(15,066,268)**	**(2,216,816)**
Expired Warrants	-	-	-	(541,190)	-	541,190	-
Share based payments *(note 11)*	-	-	18,595	-	-	-	18,595
Net loss for the period	-	-	-	-	-	(475,244)	(475,244)
Balance, March 31, 2024	**193,035,834**	**10,494,623**	**979,496**	**663,900**	**188,838**	**(15,000,322)**	**(2,673,465)**

BacTech Environmental Corporation

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31 2024	Three months ended March 31 2023
	$	$
Cash flow from operating activities		
Cash paid to suppliers, employees and consultants	**(55,298)**	(643,816)
Net cash used in operating activities	**(55,298)**	(643,816)
Cash flow from financing activities		
Gross proceeds from private placements	**-**	738,600
Share issue costs from financings	**-**	(17,180)
Gross proceeds from debenture private placement	**-**	250,000
Net cash provided by financing activities	**-**	971,420
Increase in cash	**(55,298)**	327,60
Cash, beginning of the period	**73,199**	10,148
Cash, end of the period	**17,901**	337,752

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

1. Nature of Operations and Going Concern

BacTech Environmental Corporation (the "Company" or "BEC") was incorporated by REBgold Corporation (“REBgold” and formerly BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act. The Company has the primary rights and know-how to use a bioleaching technology. The technology utilizes bacteria to extract precious and base metals and has been traditionally used to treat difficult-to-treat sulphide ores and concentrates.

The business plan for the Company is to apply bioleaching technology to abatement and reclamation projects to remove the harmful elements such as arsenic and sulphur from the environment, where this can be assisted by a positive cash flow from metal recovery. Examples of metals which could potentially be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc. The Company’s head office is located at 37 King Street East, Suite 409, Toronto, Ontario, M5C 1E9.

The accompanying condensed interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has no sources of recurring revenue, has realized net loss of $475,244 during the three months ended March 31, 2024, has working capital deficit of $3,568,568 at March 31, 2024, is dependent on financings to fund its operations. The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are materially uncertain and which, taken together, cast significant and substantial doubt over the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the carrying values of the Company’s assets, liabilities, and expenses and the related statement of financial position and statement of loss classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations for the year ended March 31, 2024 from existing cash reserves. The Company does not have sufficient cash reserves to fund its administrative costs and fund any project development initiatives for the coming twelve month, nor to repay its liabilities to trade creditors and debt holders. These matters represent material uncertainties that cast significant and substantial doubt about the Company’s ability to continue as a going concern. Management is actively involved in identifying reclamation and abatement ventures amenable to the application of the Company’s technology license, and is seeking new equity or debt financing to enable it to service the Company’s liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

2. Basis of Consolidation and Presentation

Statement of Compliance with International Financial Accounting Standards (“IFRS”)

Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company reported in Note 2 and 3 in its audited annual consolidated financial statements for the year ended December 31, 2023. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

The accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 28, 2024.

Basis of Preparation and Presentation

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

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of Consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries, Empresa Minera Ambiental BacTech S.A. incorporated in Bolivia, and BacTechVerde S.A.S incorporated in Ecuador. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Company.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

3. Significant Accounting Policies

Critical Judgements and Estimation Uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges:
- Impairment of deferred assessment and evaluation costs:
- Estimation of decommissioning and restoration costs and the timing of expenditure:
- Taxes, income taxes and deferred taxes:
- Share-Based Payments
- Convertible debentures
- Commitments and Contingencies:

4. Adoption and Future Changes in Accounting Standards

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2024 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded. During the three months ended March 31, 2024, the Company adopted a number of amendments, including IAS 1.

5. Payable to Aquila Resources Inc.

REBgold completed a divisive reorganization by way of a Plan of Arrangement whereby a subsidiary, BacTech, was granted rights and interests in REBgold's existing and proposed tailings remediation. During the year ended December 31, 2013, REBgold amalgamated with Aquila Resources Inc. The balance is unsecured, non-interest bearing, and is due on demand.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as at:

	March 31 2024 $	December 31 2023 $
Trade payables	**342,650**	353,132
Accrued liabilities - other	**1,786,399**	1,526,310
Total	**2,129,049**	1,879,442

Included in accrued liabilities are certain liabilities totaling approximately $800,650 that due to the length of time passed since the Company recorded them, are management considers this uncollectable by the vendor. Management believes that there will be no impact on the business of the Company and accounts payable amounts will not be pursued by vendors nor will the Company pay these amounts.

7. Related Party Transactions

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Related party transactions are in the normal course of business and are recorded at the amount agreed to between the parties.

Related party transactions consist of the following for the three months ended:

	March 31 2024 $	March 31 2023 $
Salaries and management fees	**111,125**	111,125
Share based payments	**4,593**	4,590
Total	**115,718**	115,715

Included in accounts payable and accrued liabilities is $180,809 due to related parties at March 31, 2024 (December, 2023 - $67,230). Refer to Note 9 – Capital for equity transactions with related parties.

8. Debentures

(a) Debentures with Bonus Interest

Between April 19, 2017 and June 26, 2017, BacTech completed three tranches of a debenture financing for gross proceeds of $445,000 and accompanied by the issuance of 1,780,000 common shares which are included as a bonus equity interest. The debentures have a 2-year term and pay 12% interest annually. The debenture included a 20% common stock bonus interest payment (issued at $0.05 per share). For example, a $10,000 debenture would be accompanied by 40,000 common shares of BacTech, subject to a 4-month restriction on resale from the date of closing.

The fair value of the bonus shares was determined by reference to the trading prices of the Company's common shares on the date the tranches were closed. The Company issued 1,780,000 common shares in connection with the debenture financing with an aggregate value of $70,100. Transaction costs included a cash commission of $8,400 and 84,000 broker warrants that have expired unexercised during the year ended December 31, 2019. Each broker warrant entitled the holder to purchase one common share at an exercise price of $0.10 for a period of 12 months and were valued at $350. The aggregate transaction cost, which included the bonus shares, cash commission and warrants, was recorded against the debenture and was being amortized over the life of the debenture and shown as accretion expense.

For the debenture holders that have reached their maturity date in fiscal 2019, the Company requested that the debenture holders extend the term of the debentures. In consideration of the extension of the maturity date, the Company offered to issue a common share purchase warrant allowing the debenture holders to purchase a common share of the Company at five cents for a period of three years. In fiscal 2020, $20,000 of the debenture holders formally accepted the terms to extend the maturity date. A total of 496,000 warrants were issued at a value of $6,072. These costs were amortized through accretion expenses and loss of modification of debenture.

On August 20, 2020, an arm's length debenture holder agreed to convert $87,500 face value of debentures and the related accrued interest at $0.05 per share. This transaction resulted in the issuance of 3,083,352 common shares and reduced $154,168 in principal of the debenture and interest owing.

On April 19, 2021, an arm's length debenture holder agreed to convert $25,000 face value of debentures and the $9,000 of accrued interest. This transaction resulted in the issuance of 680,000 common shares and a 37,400 loss on redemption of debenture.

On November 1, 2021, the Company settled the repayment of certain debentures through the issuance of 3,564,822 common shares and 3,564,822 warrants to settle the outstanding debenture face value of $232,500 and accumulated interest $123,982.

	March 31 2024	December 31 2023
	$	$
Face value of debentures	**445,000**	445,000
Transactions costs allocated to debentures	**(78,850)**	(78,850)
Cost of extension of maturity date	**(42,878)**	(42,878)
Loss on modification of debenture	**14,409**	14,409
Accumulated accretion	**107,319**	107,319
Redemptions and settlements	**(345,000)**	(345,000)
Balance	**100,000**	100,000

(b) Convertible Debentures

On April 21, 2022, the Company completed a $1,000,000 convertible debenture issuance with an existing strategic investor. The terms of the convertible debentures allow for a conversion at $0.15 per share at the option of the holder, an annual interest rate of 8% and a term of 18 months.

On March 14, 2023, BacTech closed a $250,0000 convertible debenture with the same investor who previously completed a $1.0 million convertible debenture. On September 1, 2023 the same investor advanced an additional $150,000. The convertible debenture terms are the same as the prior debenture, but now with the full principal balance of $1.4 million is not due until September 4, 2024. The debenture extension was agreed to by the debenture holder for a 1% royalty of the Company's Ecuador project, defined and described in the same manner as the royalty as announced for the May 5, 2022, and February 28, 2022, private placements, making a total of 2% NSR having been granted on the Project.

Transaction costs included a cash commission of $60,000 and 399,999 broker warrants. Each broker warrant entitled the holder to purchase one common share at an exercise price of $0.15 for a year of 24 months and were valued at $29,100 (see Note 10). The fair value of the convertible debenture at the time of issue was calculated assuming an effective interest rate of 20% based on market analysis of peer companies. In addition, the fair value of the convertible debenture conversion option was determined to be $202,134 with an allocated cost of capital of $13,296. The aggregate transaction cost, which included the cash commission and warrants, was recorded against the debenture and is being amortized over the life of the debenture and shown as accretion expense.

	March 31 2024	**December 31 2023**
Face value of debentures	**1,400,000**	**1,400,000**
Valuation allocated to equity conversion	**(202,134)**	**(202,134)**
Transaction costs allocated to debentures	**(75,805)**	**(75,805)**
Gain on modification	**(82,515)**	**(82,515)**
Accretion	**282,471**	**243,481**
Balance	**1,322,017**	**1,283,027**

9. Share Capital

Authorized share capital is made up of unlimited common shares without par value:

(i) On February 1, 2023, 100,000 units were issued in for gross proceeds of $6,600 . This was the second tranche from the initial tranche complete on December 9, 2022, whereby the Company completed a private placement for gross proceeds of $56,200 through the issuance of 851,515 Units. Each Unit, priced at $0.66 per Unit, is comprised of one common share and one common share purchase warrant in the capital of the Company. Each whole Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $0.132 for a period of two years from the date the Units were issued. If, during the exercise period the Warrants, the Company's shares trade at $0.15 per share or higher for a period of 10 consecutive trading days on the CSE, the Company may require that they be exercised or otherwise be early terminated.

(ii) On March 24, 2023, BacTech completed a private placement financing for $732,000 in gross proceeds through the issuance of 9,150,000 Units.

Each Unit, priced at $0.08 per Unit, comprises of one common share and one common share purchase warrant in the capital of the Company. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.12 for a period of two years from the date the Units were issued. If during the exercise period of the warrants, the Company's shares trade at $0.20 per share or higher for a period of 10 consecutive trading days on the CSE, the Company may provide notice in writing to the holders of the Warrants that the expiry date will be accelerated thirty days from the date of providing such notice.

The fair value of the 9,150,000 common share purchase warrants issued in this placement was estimated at $189,206 using the Black-Sholes option pricing model. Share issue costs incurred on this private placement were cash costs of $17,180 and the issue of 208,500 broker warrants valued at $5,537 using the Black-Sholes option pricing model

(iii) In June 2023, BacTech completed a second tranche of the financing described in (v) for $152,000 in gross proceeds through the issuance of 1,900,000 Units under the same terms as noted above.

The fair value of the 1,900,000 common share purchase warrants issued in this placement was estimated at $36,283 using the Black-Sholes option pricing model. Share issue costs incurred on this private placement were cash costs of $900.

(iv) On December 18, 2023, the Company completed a private placement for gross proceeds of $614,040 through the issuance of 7,675,000 Units. Each Unit, priced at $0.08 per Unit, is comprised of one common share and one half of one common share purchase warrant in the capital of the Company. Each whole Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $0.12 for a period of two years from the date the Units are issued. If, during the exercise period of the Warrants, the Company's shares trade at $0.20 per share or higher for a period of 10 consecutive trading days on the CSE, the Company may require that they be exercised or otherwise be early terminated.

Certain officers and directors participated in the private placement for gross proceeds of $28,000 through issuance of 350,000 units. The fair value of the common share purchase warrants issued in this placement was estimated at $86,212 using the Black-Sholes option pricing model (see Note 10). Share issue costs incurred on this private placement were cash costs of $38,243 and the issue of 478,040 broker warrants valued at $11,010 using the Black-Sholes option pricing model

10. Warrant Reserve

The movements in the number and estimated fair value of outstanding broker warrants and share purchase warrants are as follows:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Number Outstanding	**Weighted Average Exercise Price $**	**Number Outstanding**	**Weighted Average Exercise Price $**
Balance, beginning of period	28,100,304	0.19	27,739,368	0.24
Issued	-	-	15,674,290	0.12
Expired	(6,420,000)	0.29	(15,313,354)	0.20
Balance, end of period	21,680,304	0.16	28,100,304	0.19

The exercise price, expiry date, and the fair value assigned to warrants issued and outstanding as at March 31, 2024 are as follows:

Expiry Date	Weighted Average Exercise Price $	Grant Date Fair Value $	Warrants Outstanding	Remaining Contractual Life (yr)
April 27, 2024	0.15	29,100	399,999	0.07
May 5, 2024	0.30	360,970	4,500,000	0.10
May 5, 2024	0.20	17,070	219,500	0.10
December 9, 2024	0.132	23,029	886,515	0.69
February 1, 2025	0.132	2,600	100,000	0.84
March 25, 2025	0.12	207,180	9,150,000	0.98
March 25, 2025	0.08	8,700	208,500	0.98
June 1, 2025	0.12	44,148	1,900,000	1.20
Dec 18, 2025	0.12	86,200	3,837,750	1.72
Dec 18, 2025	0.12	11,010	478,040	1.72
	0.16	790,007	21,680,304	0.92

The fair values of the warrants issued during the three months ended March 31, 2024 and year ended December 31, 2023 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023
Risk free interest rate	**3.75 to 3.99%**
Expected dividend yield	**Nil**
Exercise price	**\$0.08 to \$0.12**
Share price	**\$0.07 to \$0.08**
Expected volatility	**85% to 96%**
Expected life	**2 years**

Option pricing models require the input of subjective assumptions regarding the expected volatility, which is calculated based on the historical price of the Company's common shares. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

11. Stock Options

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third party service providers. Under the terms of the Plan that was re-approved by the shareholders on September 16, 2021, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of up to five years and vest over a period of up to three years from the date of issue.

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Number Outstanding	**Weighted Average Exercise Price $**	**Number Outstanding**	**Weighted Average Exercise Price $**
Balance beginning of period	12,950,000	0.11	11,350,000	0.11
Granted	-	-	2,250,000	0.12
Expired	-	-	(650,000)	0.14
Balance, end of period	12,950,000	0.11	12,950,000	0.11

Options to purchase common shares outstanding at March 31, 2024 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	**Weighted Average Exercise Price $**	**Grant Date Fair Value $**	**Number of Options Outstanding**	**Number of Options Exercisable**	**Remaining Weighted Average Contractual Life (yr.)**
August 20, 2030	0.05	74,900	2,500,000	2,500,000	6.39
March 26, 2026	0.12	217,120	2,200,000	2,200,000	1.99
August 10, 2026	0.15	68,940	200,000	200,000	2.36
September 16, 2026	0.15	102,840	1,100,000	1,100,000	2.46
January 4, 2027	0.15	151,578	1,100,000	1,100,000	2.76
December 12, 2027	0.10	271,534	3,600,000	3,600,000	3.70
March 13, 2028	0.10	103,812	1,250,000	1,250,000	3.95
June 16, 2025	0.10	22,691	500,000	500,000	1.21
June 16, 2025	0.20	14,173	500,000	250,000	1.21
	0.11	1,027,588	12,950,000	12,700,000	3.56

For the year ended December 31, 2023, the Company granted 2,250,000 options with a life of 2 and 5 years, vesting over a period and an exercise price ranging from $0.10. to $0.20 The Company recognized share-based payment expense of $154,252 for the year ended December 31, 2023. For the three months ended March 31, 2024, the Company granted no new options . The Company recognized share-based payment expense of $18,595 for the three months ended March 31, 2024.

The fair values of the options issued during the three months ended March 31, 2024 and year ended December 31, 2023 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023
Risk free interest rate	**3.75% to 4.52%**
Expected dividend yield	**Nil**
Exercise price	**$0.10-$0.20**
Share price	**$0.085 to $0.095**
Expected volatility	**88% to 203%**
Expected life	**2 to 5 years**

Option pricing models require the input of subjective assumptions regarding the expected volatility, which is calculated based on the historical price of the Company's common shares. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

12. Loss per Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2024 includes a net loss attributable to common shareholders of $475,224 (2023- $457,905) and the weighted average number of common shares outstanding of 193,035,623 (2023 –174,986,443). The calculation of basic and diluted loss per share did not include the effect of share purchase options and warrants outstanding as they would be anti-dilutive.

13. Operating and Administrative

Operating and administrative expense consists of the following:

	Three months ended March 31	
	2024	**2023**
	$	**$**
Salaries and management fees *(note 7)*	**145,612**	120,982
Share based payments *(note 11)*	**18,595**	24,055
Professional fees	**40,664**	55,633
Shareholder information and filing fees	**144,738**	152,917
Travel	**12,225**	7,210
General office expenses	**14,318**	31,346
Foreign exchange gain	**(2,954)**	(4,581)
Total	**373,198**	387,562

14. Finance Charges

Finance charges consist of the following:

	Three months ended March 31	
	2024	**2023**
	$	**$**
Interest and bank charges	**270**	1,118
Debenture interest	**31,000**	23,000
Accretion expense	**38,990**	27,244
Total	**70,260**	51,362

15. Land Purchase

The Company acquired a parcel of land for its proposed processing plant in Tenguel, Ecuador which closed in September 2022.

16. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to sales tax receivable is remote.

Liquidity risk

As at March 31, 2024, the Company had a cash balance of $17,901 (December 31, 2023 - $73,199) against current liabilities of $3,772,360 (December 31, 2023 - $3,483,763). The Company does not have sufficient cash reserves to fund its administrative costs and fund any project development initiatives for the coming year, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying reclamation ventures amenable to the application of the Company's technology and in seeking new equity financing to enable it to service the Company's liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

While the multiple debt conversions and forgiveness have substantially improved the Company's Statement of Financial Position, its liquidity remains at a parlous low level and it continues to incur costs that will require continued success in additional financings.

Market risk

(a) Interest rate risk

The Company has cash earning interest at a low variable interest rate and debentures bearing interest at 8% and 12% per annum. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses using United States dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is not exposed to price risk with respect to commodity prices because the Company is not a producing entity.

As at March 31, 2024 and December 31, 2023 the Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows. All of the financial assets are reflected at amortized costs, as at:

	March 31 2024	**December 31 2023**
Financial assets at amortized cost:		
Cash	$ 17,901	$ 73,199

Financial liabilities included in the statement of financial position are as follows. All of the financial liabilities are reflected at amortized costs, as at:

	March 31 2024	**December 31 2023**
Financial liabilities at amortized cost:		
Payable to Aquila Resources Inc.	$ 161,294	$ 161,294
Accounts payable and accrued liabilities	$ 2,129,049	$ 1,879,442
Government assistance	$ 60,000	$ 60,000
Debentures	$ 1,422,017	$ 1,383,027

Fair value

The condensed interim consolidated statements of financial position carrying amounts for cash, receivables and trade payables, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2024 and December 31, 2023 the Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

17. Capital Management

The Company defines capital as shareholders' equity. The Company's objective when managing its capital is to restore its deficit to a positive balance in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, assessment and evaluation, and development of mineral reclamation properties. 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 Company is currently in the early stages of evaluation and assessment of projects; as such, the Company is dependent on external financing to fund its activities. In order to carry out the assessment and evaluation of the projects and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional 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 does not have externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2024 and year ended December 31, 2023.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE"). The impact of any violation of CSE policy is not known and is ultimately dependent on the discretion of the CSE.

18. Commitments and Contingencies

Management contract

The Company currently has employment agreements with the provision of termination and change of control benefits with the three officers of the Company. The agreements for each officer provides that in the event that their employment is terminated by the Company other than for cause then the officer shall be entitled to a lump sum payment amount up to twelve months base salary plus 1 month salary for each year of service to a max of thirty-six months base salary. If a change of control were to occur, the officer would be entitled up to two years of compensation. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements.

Environmental matters

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

19. Liabilities related to abandoned Subsidiary

On May 24, 2016, BacTech announced that its 98% owned Bolivian subsidiary Empresa Minera Ambiental BacTech S.A“ ("EMABSA"), had signed an Association Contract with Corporación Minera de Bolivi“ ("COMIBOL"), the state mining company of Bolivia. On September 15, 2016, the Bolivian government approved and ratified the agreement.

On September 9, 2019, the Company announced that it would not proceed with the reclamation of the Telamayu tailings project in Bolivia. The Company has abandoned the Bolivian subsidiary which is inactive. Management believes that there will be no impact on the business of the Company and accounts payable amounts will not be pursued by vendors beyond their recourse against the abandoned subsidiary.

The liabilities have been included in the Company's balance sheet from the abandoned subsidiary in the amount of $180,647 for the three months ended March 31, 2024 ($180,647 -December 31, 2023).

20. Government assistance

Canada Business Emergency Account

In fiscal 2020, the Company received a $60,000 emergency business loan under the federal government Canada Business Emergency Account ("CEBA") initiative. The company did not repay the balance prior to January 19, 2024, and as such the loan would be renewed for a three year term with a fixed condensed interim rate of interest of 5%.