ALTIPLANO METALS INC.

Consolidated Condensed Interim Financial Statements

For the three and twelve months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

To the shareholders of Altiplano Metals Inc:

The consolidated condensed interim financial statements of Altiplano Metals Inc. (the “Company”) for the three and twelve months ended December 30, 2023 and 2022 have been compiled by management.

No audit or review of this information has been performed by the Company’s auditors.

ALTIPLANO METALS INC.
Consolidated Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at	(unaudited) December 31 2023	(audited) December 31 2022
Assets		
Current		
Cash	$ 455,543	$ 118,758
Amounts receivable (note 10)	257,104	193,956
Prepayments and deposits (note 9)	281,062	363,861
	993,709	676,575
Equipment (note 5)	4,664,454	3,558,867
Investments	313	625
VAT recoverable	724,809	593,218
Right-of-use asset (note 7)	364,210	731,615
Exploration and evaluation assets (note 3)	7,139,029	7,562,477
	$ 13,886,524	$ 13,123,377
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11 and 13)	$ 2,348,796	$ 1,658,135
Lease liability (note 7)	374,290	714,754
	2,723,086	2,372,889
Asset retirement obligations (note 6)	153,847	138,291
Promissory notes (note 8)	796,460	125,935
	3,673,393	2,637,115
Equity		
Share capital (note 4)	20,873,370	19,780,839
Reserves	2,153,359	2,122,039
Warrants issuable	56,794	18,565
Accumulated other comprehensive income	(479,665)	43,385
Deficit	(12,390,727)	(11,478,566)
	10,213,131	10,486,262
	$ 13,886,524	$ 13,123,377

Going concern (note 1)

Approved by the Board of Directors

Director (signed by) *"John Williamson"* Director (signed by) *"Sean Mager"*

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

ALTIPLANO METALS INC.
Consolidated Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars) *(unaudited)*

For the	**three months ended December 31 2023**	**three months ended December 31 2022**	**twelve months ended December 31 2023**	**twelve months ended December 31 2022**
Expenses				
Management fees (note 13)	**$ 67,483**	$ 73,361	**$ 280,725**	$ 266,050
Office and administration (note 13)	**14,324**	17,410	**98,159**	87,532
Regulatory and filing fees	**8,295**	3,865	**34,036**	29,124
Professional fees	**87,505**	84,159	**217,837**	253,308
Investor relations	**67,778**	98,908	**222,096**	238,962
Project evaluation	**-**	-	**15,392**	-
	(245,385)	(277,703)	**(868,245)**	(874,976)
Other				
Accretion expense	**(3,889)**	(13,152)	**(15,556)**	(13,152)
Depreciation of right-of-use asset	-	(60,934)	**(28,605)**	(60,934)
Exploration and evaluation asset write-down	-	(465,046)	-	(465,046)
Interest income	**1,897**	2,300	**6,009**	5,075
Interest on loans and promissory notes	**(33,090)**	-	**(76,284)**	-
Unrealized gain (loss) on investments	**105**	(1,458)	**(312)**	(1,458)
(Loss) gain on foreign exchange	**(51,129)**	(106,972)	**70,832**	(143,134)
Write-down of VAT receivable	-	(144,761)	-	(144,761)
	(86,106)	(790,023)	**(43,916)**	(823,410)
Net loss for the period	**$ (331,491)**	$ (1,067,726)	**$ (912,161)**	$ (1,698,386)
Other comprehensive loss				
Item that may be reclassified subsequently to profit and loss:				
(Loss) gain on translation of foreign operations	**(63,600)**	670,006	**(523,050)**	408,650
Comprehensive loss for the period	**$ (395,091)**	$ (397,720)	**$ (1,435,211)**	$ **(1,289,736)**
Basic and diluted loss per common share	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Basic and diluted weighted average number of common shares outstanding	**124,597,457**	118,074,820	**121,646,990**	114,878,173

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

(Expressed in Canadian Dollars) (unaudited)

	Share capital	Option and warrant reserve	Warrants issuable	AOCI	Deficit	Total Equity
Balance at December 31, 2021	**$18,759,126**	**$ 2,163,968**	**$ -**	**$ (365,265)**	**$ (9,780,180)**	**$10,777,649**
Shares issued for cash	915,875	8,125	-	-	-	924,000
Warrants to be issued	-	-	18,565	-	-	18,565
Share issuance costs	(14,162)	1,946	-	-	-	(12,216)
Options exercised	120,000	(52,000)	-	-	-	68,000
Other comprehensive loss	-	-	-	408,650	-	408,650
Net loss		-	-	-	(1,698,386)	(1,698,386)
Balance at December 31, 2022	**19,780,839**	**2,122,039**	**18,565**	**43,385**	**(11,478,566)**	**10,486,262**
Shares issued for cash	1,181,000	-	-	-	-	1,181,000
Share issuance costs	(88,469)	31,320	-	-	-	(57,149)
Warrants to be issued	-	-	38,229	-	-	38,229
Other comprehensive gain	-	-	-	(523,050)	-	(523,050)
Net loss	-	-	-	-	(912,161)	(912,161)
Balance at December 31, 2023	**$20,873,370**	**$ 2,153,359**	**56,794**	**$ (479,665)**	**$ (12,390,727)**	**$10,213,131**

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

ALTIPLANO METALS INC.
Consolidated Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars) *(unaudited)*

For the twelve months ended	December 31 2023	December 31 2022
Operating activities		
Net loss for the twelve months	**$ (912,161)**	$ (1,698,386)
Items not affecting cash:		
Accretion expense	**15,556**	35,493
Exploration and evaluation asset write-down	**-**	465,046
Interest payable on promissory notes	**40,694**	-
Unrealized loss on investments	**312**	1,458
Depreciation of right-of-use asset	**28,605**	60,934
Write-down of VAT recoverable	**-**	144,761
VAT recoverable	**(131,591)**	(404,071)
Changes in non-cash working capital:		
VAT and sales tax receivable	**(21,358)**	-
Accounts receivable and prepaids	**41,009**	89,621
Accounts payable and accrued liabilities	**717,077**	683,913
Cash used in operating activities	**(221,857)**	(621,231)
Investing activities		
Exploration and evaluation property exploration expenditures	**(2,852,424)**	(3,914,267)
Exploration and evaluation property exploration recoveries	**3,228,891**	3,512,942
Purchase of equipment	**(1,539,712)**	(1,371,860)
Cash used in investing activities	**(1,163,245)**	(1,773,185)
Financing activities		
Promissory notes received	**976,750**	144,500
Repayment of promissory notes and interest	**(337,931)**	-
Proceeds from private placements	**1,181,000**	924,000
Cash share issuance costs	**(57,149)**	(12,216)
Repayment of lease liability	**(28,080)**	(76,464)
Proceeds from options exercised	**-**	68,000
Cash provided by financing activities	**1,734,590**	1,047,820
Foreign exchange effect on cash	**(12,703)**	6,108
Net increase (decrease) in cash	**336,785**	(1,340,489)
Cash, beginning	**118,758**	1,459,246
Cash, ending	**$ 455,543**	$ 118,758

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

(Expressed in Canadian Dollars)

1. Nature of operations

Altiplano Metals Inc. ("Altiplano" or the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2010. On November 10, 2010, the Company was continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company's common shares are listed for trading on the TSX Venture Exchange (the "Exchange") under the trading symbol "APN", on the OTC Pink Venture Market under the trading symbol "ALTPF", and on the Frankfurt Stock Exchange under the trading symbol "9AJ1". The Company's head office is at Suite 300, 250 Southridge NW, Edmonton, Alberta, T6H 4M9. The Company's registered records office is at 3200 Vancouver Centre, 650 West Georgia Street, Vancouver, BC V6B 4P7.

The Company is focused on evaluating and acquiring exploration projects with significant potential.

While these consolidated condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at December 31, 2023, the Company had a working capital deficit of $- and an accumulated deficit of $-. The Company is dependent upon obtaining additional equity or debt financing to fund any operating expenditures or acquisition opportunities in order to continue as a going concern.

On February 20, 2024, Altiplano changed its fiscal year end from December 31 to March 31 as the Company anticipates that a fiscal year end of March 31 will allow it to complete its audit requirements with greater efficiency and will better align the Corporation's financial reporting periods to that of its peer group in the mineral resources and development sector, which will allow investors to more easily compare quarterly and annual financial results.

2. Basis of presentation

These consolidated condensed interim 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 Issues Committee ("IFRIC").

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 29, 2024.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Altiplano Minerals Chile SPA, and SCM Comet Exploration Chile. All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Altiplano Metals Chile SPA	Chile	100%	Holding company
Altiplano Minerals Chile SPA	Chile	100%	Holding company
SCM Comet Exploration Chile	Chile	100%	Holds mineral interests in Chile
Andes Metals Chile SPA	Chile	100%	Holds mineral interests in Chile

These consolidated condensed interim financial statements are prepared using the functional currency of the Company and each of its subsidiaries. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Altiplano is the Canadian Dollar and the functional currency of its wholly owned subsidiaries is the Chilean Peso. The Canadian dollar is the presentation currency of the Company unless otherwise noted.

(Expressed in Canadian Dollars)

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

3. Exploration and evaluation assets

Farellon and Maria Luisa Properties

The Company has a 100% interest in the Farellon and Maria Luisa projects, located near the town of La Serena, Republic of Chile (collectively, the "Projects").

On July 5, 2021, the Company completed an option agreement (the "Option Agreement") on the Maria Luisa property, whereby the Company may acquire a 100% undivided interest in the property for US$2,000,000 as follows:

- US$200,000, paid in 12 equal monthly payments starting July 5, 2021 (paid US$200,000);
- US$800,000, paid on the first-year anniversary of closing the Option Agreement*;
- US$500,000, paid on the second-year anniversary of closing the Option Agreement;
- US$500,000, paid on the third-year anniversary of closing the Option Agreement.

*During the year ended December 31, 2022, the Company amended the agreement to delay the first-year anniversary payment of US$800,000.

Saint Beatriz Project

On June 14, 2023, the Company entered into an agreement for the potential acquisition of the Saint Beatriz Project. Located two kilometers (km) from the Company's existing operation at the Farellon near La Serena, Chile. Under the terms of the agreement the Company paid $6,649(USD 5,000) to retain a 3-month exclusivity period to complete due diligence on the Santa Beatriz Project. At the end of this period Altiplano can rent the mine for USD 4,350/month and provide the owner with a 15% share in net profits after expenses. During the first 12 months of the option, APN can purchase the mine with no underlying royalty for a one-time cash payment of USD 440,000 or extend the option.

Total costs incurred by the Company on exploration and evaluation assets are summarized as follows:

	Farellon	Maria Luisa	Total
Balance, December 31, 2022	**$ 6,338,481**	**$ 1,173,996**	**$ 7,562,477**
Equipment and supplies	323,120	(2,741)	320,379
Fieldwork	951,537	38,530	990,067
Geological consulting	1,451,934	71,731	1,523,665
Travel	125,833	84	125,917
Recovery on sale of mineralized material	(3,228,891)	-	(3,228,891)
Foreign exchange translation	(116,866)	(37,719)	(154,585)
Balance, December 31, 2023	**$ 5,895,148**	**$ 1,243,881**	**$ 7,139,029**

(Expressed in Canadian Dollars)

4. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the twelve months is as follows:

	Number of shares	Amount
Balance at December 31, 2022	**118,523,721**	**$ 19,780,839**
Shares issued in private placements	11,810,000	1,181,000
Share issuance costs	-	(88,469)
Balance at December 31, 2023	**130,333,721**	**$ 20,873,370**

On May 18, 2023, the Company completed a non-brokered private placement 3,810,000 units for proceeds of $381,000. Each Unit consists of one common share of the Company, and one warrant of the Company. The Company also paid finders' fees of $15,060 and issued 141,600 finders' warrants. Each Warrant will be exercisable to acquire one additional common share for two years from the closing date at a price of $0.12 per share.

On August 29, 2023, the Company completed a non-brokered private placement 2,000,000 units for proceeds of $200,000. Each Unit consists of one common share of the Company, and one warrant of the Company. The Company also paid finders' fees of $11,000 and issued 110,000 finders' warrants. Each Warrant will be exercisable to acquire one additional common share for two years from the closing date at a price of $0.12 per share.

On December 27, 2023 the Company completed a non-brokered private placement 6,000,000 units for proceeds of $600,000. Each Unit consists of one common share of the Company, and one warrant of the Company. The Company also paid finders' fees of $26,280 and issued 252,000 finders' warrants. Each Warrant will be exercisable to acquire one additional common share for two years from the closing date at a price of $0.12 per share.

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the tenth anniversary of the date the option was granted.

A summary of stock option activity in the twelve months is as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2022	**7,410,000**	**$ 0.22**
Expired	(1,450,000)	0.30
Outstanding options, December 31, 2023	**5,960,000**	**0.20**

(Expressed in Canadian Dollars)

A summary of the options outstanding and exercisable is as follows:

	December 31, 2023			December 31, 2022		
	Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
$	-	-	-	$ 0.30	1,450,000	0.4
	0.10	3,310,000	0.9	0.10	3,400,000	1.6
	0.35	1,200,000	2.3	0.35	1,200,000	3.1
	0.30	750,000	2.5	0.30	750,000	3.2
	0.30	600,000	2.5	0.30	600,000	3.2
	0.30	100,000	2.6	0.30	100,000	3.3
$	**0.20**	**5,960,000**	**1.6**	**$ 0.22**	**7,410,000**	**1.9**

c) Warrants

A summary of share purchase warrant activity in the twelve months is as follows:

	Number of Warrants	Weighted average exercise price
Outstanding warrants, December 31, 2022	**18,289,926**	**$ 0.31**
Issued	12,313,600	0.12
Expired	(15,955,976)	0.31
Outstanding warrants, December 31, 2023	**14,647,550**	**$ 0.10**

A summary of the warrants outstanding and exercisable is as follows:

	December 31, 2023			December 31, 2022			
	Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)	
$	-	-	-	$ 0.40	6,150,000	0.2	
	-	-	-	0.40	520,260	0.2	
	-	-	-	0.25	9,285,716	0.8	i
	0.30	1,497,500	0.7	0.30	1,497,500	1.7	
	0.30	3,000	0.7	0.30	3,000	1.7	ii
	0.30	812,500	0.8	0.30	812,500	1.8	
	0.30	20,950	0.8	0.30	20,950	1.8	iii
	0.12	3,810,000	1.4	-	-	-	
	0.12	141,600	1.4	-	-	-	iv
	0.12	2,000,000	1.7	-	-	-	
	0.12	110,000	1.7	-	-	-	v
	0.12	6,000000	2.0	-	-	-	
	0.12	252,000	2.0	-	-	-	vi
$	**0.10**	**14,647,550**	**0.7**	**$ 0.31**	**18,289,926**	**0.7**	

i On October 16, 2022, the Company amended the terms of 9,285,716 outstanding warrants of the Company set to expire October 16, 2022. The Company extended the expiry date for all the Warrants by one year to October 16, 2023. All other terms of the warrants remain the same.

ii On September 12, 2022, 3,000 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $270, or $0.09 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.22; expected life, 2 years; expected volatility, 92.83%; risk free rate, 3.61%; expected dividends, 0%.

iii On October 19, 2022, 20,950 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $1,676, or $0.08 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.195; expected life, 2 years; expected volatility, 92.46%; risk free rate, 4.18%; expected dividends, 0%.

iv On May 18, 2023, 141,600 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $7,080, or $0.05 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.10; expected life, 2 years; expected volatility, 91.76%; risk free rate, 4.08%; expected dividends, 0%.

v On August 29, 2023, 110,000 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $6,600, or $0.06 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.115; expected life, 2 years; expected volatility, 98.09%; risk free rate, 4.68%; expected dividends, 0%.

vi On December 27, 2023, 252,000 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $17,640, or $0.07 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.12; expected life, 2 years; expected volatility, 102.77%; risk free rate, 3.91%; expected dividends, 0%.

(Expressed in Canadian Dollars)

5. Equipment

	Machinery equipment	Furniture and fixtures	Computer hardware	Construction in progress	Total
Balance, December 31, 2022	**$ 523,707**	**$ 13,719**	**$ 6,356**	**$ 3,015,085**	**$ 3,558,867**
Additions	3,444	-	-	1,536,268	1,539,712
Adjustment	-	11,083	-	-	11,083
Depreciation	(84,138)	(5,276)	(2,265)	(69,501)	(164,180)
Foreign exchange	(21,423)	(1,364)	(143)	(158,680)	(181,610)
Balance, December 31, 2023	**$ 421,590**	**$ 18,162**	**$ 3,948**	**$ 4,220,754**	**$ 4,664,454**

During the twelve months ended December 31, 2023, the Company capitalized $161,180 (2022 - $102,399) in depreciation to mineral properties.

6. Asset retirement obligations

The Company's reclamation and closure obligations relates to the cost of removing and restoring the Farellon Property and El Penon processing plant in Chile. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of an environmentally acceptable mine closure plan.

As at December 31, 2023, the Company, set up provisions for the asset retirement and reclamation obligations. The estimated undiscounted cash flow required to settle the asset retirement obligation for the El Penon processing plant and Farellon Property is $193,712 and is projected to be disbursed no earlier than 2026. A discount rate of 11.25% and an inflation rate of 12.80% per annum was used to evaluate this provision.

Balance, December 31, 2022	**$ 138,291**
Accretion	15,556
Balance, December 31, 2023	**$ 153,847**

7. Right-of-use asset/lease liability

In November 2020, the Company signed lease agreements for land to be used as the location of its future mill and processing facility. The land is approximately 15 kms from the Company's Farellon project and hosts power, water and transportation infrastructure to support the plant. The incremental rate of borrowing for these leases were estimated by management to be 5% per annum.

The Company recognized a right of use asset for its lease agreements as follows:

Balance, December 31, 2022	**$ 731,615**
Adjustment for purchase of right of use asset	(338,800)
Depreciation	(28,605)
Balance, December 31, 2023	**$ 364,210**

(Expressed in Canadian Dollars)

The Company recognized a lease liability for its lease agreements as follows:

Balance, December 31, 2022	**$ 714,754**
Lease payments	(340,464)
Balance, December 31, 2023	**$ 374,290**

The Company's lease liability is presented in the statement of financial position as follows:

As at	**December 31 2023**	**December 31 2022**
Current	**$ 374,290**	$ 714,754
	$ 374,290	$ 714,754

8. Loans, promissory notes and interest payable

On April 18, 2023, the Company entered into a concentrate offtake and loan agreement (the "Offtake Agreement") with ArrowMetals Asia Pte. Ltd. ("ArrowMetals").

Pursuant to the Offtake Agreement, Altiplano will sell copper concentrates produced at the El Peñón processing facility located 15 km from the Farellon Iron-Oxide-Copper-Gold mine in Chile, on an exclusive basis to ArrowMetals until December 31, 2025, and the agreement may be further extended. Pursuant to a Term Loan Facility Agreement dated April 18, 2023 (the "Facility"), ArrowMetals has also agreed to make available to Altiplano up to USD$1.5 million as a loan facility, which will be repaid by delivery of such concentrates. The Facility will be by way of multiple drawdowns on request of Altiplano, with the first drawdown being for USD$500,000 (CAD 672,250), which will be repaid with interest in monthly instalments, against Altiplano's future shipments of concentrates over an agreed 12-month schedule.

Under the Offtake Agreement, Altiplano will ship the concentrates at the rate of 300 DMT per month during the term of the Offtake Agreement, until a minimum quantity of 10,000 DMT has been delivered. Provided certain conditions are met for metal content, ArrowMetals will pay 90% of the concentrate value based of the copper and gold content in the delivery month. Pricing will be established either one month after delivery or four months after delivery, as may be declared prior to delivery, less treatment, refining, shipping and insurance charges. Final settlement will take place within 3 months. Interest will be charged on the loaned amount due to ArrowMetals from time to time at a rate of SOFR plus 4.70%.

In addition, the Company has entered into a debt financing and issued $442,000 in promissory notes. The promissory notes are unsecured, bear interest at 12% per annum and are repayable by the Company in 24 equal instalments of principal and interest, commencing after one year, and thereafter on the first business day of each month until the maturity date.

As compensation to the lenders for the risk of repayment of the loans, the Company will issue a non-transferable warrants (the "Bonus Warrants") equal to 100% of the principal amount of the loans divided by $0.20 per share. The Bonus Warrants are exercisable at an exercise price of $0.20 per warrant share.

(Expressed in Canadian Dollars)

For accounting purposes, the promissory notes and bonus warrants were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and interest to present value at the inception date of the promissory notes which amounted to $385,208. The effective interest rate for the liability component was 16% with a maturity dates three years from the date of signing of the promissory note. The equity component related to the bonus warrants is then estimated by subtracting the fair value of the liability component from the gross proceeds of the promissory note which amounted to $56,974.

As at December 31, 2023, the Company had not yet issued the bonus warrants subject to exchange approval. The fair value of $56,974 has been allocated to the bonus warrants and classified in equity.

The following table outlines the activity for Loan, promissory notes and interest payable:

Balance, December 31, 2022	**$**	**125,935**
Issuance of ArrowMetals loan facility		679,250
Issuance of promissory notes		297,500
Equity portion		(38,229)
Interest		76,284
Repayment of loan and interest		(337,931)
Foreign exchange		(6,349)
Balance, December 31, 2023	**$**	**796,460**

9. Prepayments and deposits

The prepayments and deposits consist of payments made to suppliers for future services to be provided by suppliers.

		December 31 2023		**December 31 2022**
Contractor prepaid	**$**	**219,000**	$	202,645
Prepaid insurance expenses		**9,012**		8,750
Prepaid marketing expenses		**26,667**		109,722
Deposit for consumable supplies		**12,911**		13,648
Deposit for office rent		**10,126**		12,126
Other prepaid		**3,346**		16,970
	$	**281,062**	$	363,861

10. Amounts receivable

		December 31 2023		**December 31 2022**
Copper concentrate sales receivable	**$**	**213,936**	$	122,263
Sales tax receivable		**37,139**		15,781
Other receivable		**6,029**		55,912
	$	**257,104**	$	193,956

11. Accounts payable and accrued liabilities

	December 31 2023	December 31 2022
Trade payables	**$ 595,308**	$ 483,277
Accrued liabilities	**445,087**	344,211
Corporate and management fees payable	**609,707**	268,957
Royalties payable	**322,073**	242,510
Salaries, benefits and payroll tax payable	**24,190**	111,955
Value-added tax payable	**125,119**	207,225
Other payables	**141,640**	-
	$ 2,263,124	$ 1,658,135

12. Financial instruments and risk management

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in 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 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents and listed equity investments are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2, and non-listed equity investments are classified as Level 3. As at December 31, 2023, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Market risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

<u>Foreign exchange risk</u>

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Chilean peso will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Chile. The Company considers this risk to be minimal.

(Expressed in Canadian Dollars)

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company has a significant number of customers which minimizes concentration of credit risk. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company deals only with financially sound counterparties and, accordingly, does not anticipate loss for non-performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. All of accounts receivable is current. The amounts disclosed in the balance sheet represent the maximum credit risks. Credit risk that arises from accounts receivable is considered low. The Company's cash is also exposed to credit risk. Cash is held with a major financial institution, consequently, the risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at December 31, 2023, the Company's working capital deficit was $1,729,377. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31 2023	December 31 2022
Financial assets at amortized cost:		
Cash	**$ 455,543**	$ 118,758
Accounts receivable	**219,965**	178,175
Financial assets at FVTPL:		
Investments	**313**	625
	$ 675,821	$ 297,558

(Expressed in Canadian Dollars)

Financial liabilities included in the statement of financial position are as follows:

	December 31 2023	December 31 2022
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	**$ 2,263,124**	$ 1,450,910
Promissory notes	**796,460**	125,935
	$ 3,059,584	$ 1,576,845

Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and debt to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. There are no external restrictions on the management of capital. There was no change to the Company's approach to capital management during the twelve months ended December 31, 2023.

13. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the twelve months ended	**December 31 2023**	**December 31 2022**
Management fees paid to key management and directors	**$ 265,000**	$ 265,000
Rent paid to a corporation controlled by key management	**40,200**	40,200
Office and admin fees paid to a corporation controlled by key management	**48,000**	49,000
	$ 353,200	$ 354,200

At December 31, 2023, accounts payable and accrued liabilities include $577,376 (2022 - $175,397) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

As at December 31, 2023, $191,637 is due to directors and officers related to outstanding promissory notes and interest (See Note 8).