Marimaca Copper Corp.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023 and 2022
(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2023, and December 31, 2022.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

		As at September 30, 2023		As at December 31, 2022
Assets				
Current assets				
Cash and cash equivalents	**$**	**18,938**	$	14,636
Amounts receivable and prepaid expenses (Note 3(c))		**4,938**		4,830
		23,876		19,466
Non-current assets				
Amounts receivable (Note 3(c))		**3,935**		3,936
Property, plant and equipment		**173**		21
Exploration and evaluation assets (Note 4)		**69,535**		61,402
Total assets	**$**	**97,519**	$	84,825
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 5)	**$**	**688**	$	561
Lease liabilities		**81**		-
		769		561
Non-current liabilities				
Lease liabilities		**63**		-
Total liabilities		**832**		561
Shareholders' equity (Note 6)				
Common shares		**205,980**		192,800
Contributed surplus		**34,351**		30,553
Accumulated other comprehensive income ("AOCI")		**(211)**		112
Deficit		**(143,433)**		(139,201)
Total equity		**96,687**		84,264
Total liabilities and equity	**$**	**97,519**	$	84,825

Nature of Operations and Liquidity Risk (Note 1)

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

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Expenses				
Exploration expenditures	**$ -**	$ 29	**$ -**	$ 84
Depreciation and amortization	**24**	12	**30**	35
Legal and filing fees	**35**	74	**183**	176
Other corporate costs	**332**	189	**1,382**	558
Salaries and management fees	**464**	479	**1,704**	1,253
Share-based compensation (Note 6(b))	**251**	686	**1,821**	3,321
Operating loss	**(1,106)**	(1,469)	**(5,120)**	(5,427)
Finance income	**476**	50	**693**	126
Change in fair value of derivative (Note 3(c))	**1**	-	**(2)**	-
Foreign exchange gain	**178**	(3)	**197**	223
Loss from continuing operations	**$ (451)**	$ (1,422)	**$ (4,232)**	$ (5,078)
Discontinued operations				
Loss from discontinued operations (Note 3(a))	-	-	-	2,817
Net loss	**$ (451)**	$ (1,422)	**$ (4,232)**	$ (2,261)
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	**(477)**	**(191)**	**(323)**	(45)
Comprehensive income (loss)	**$ (928)**	$ (1,613)	**$ (4,555)**	$ (2,306)
Loss per share from continuing operations				
Basic and diluted loss per share	**$ (0.00)**	$ (0.02)	**$ (0.05)**	$ (0.06)
Income per share from discontinued operations				
Basic and diluted loss per share	**$ -**	$ -	**$ -**	$ 0.03
Loss per share				
Basic and diluted loss per share	**$ (0.00)**	$ (0.02)	**$ (0.05)**	$ (0.03)
Weighted average number of shares outstanding (000's)				
Basic	**92,327**	88,226	**89,616**	88,172
Diluted	**94,097**	89,112	**91,236**	89,314

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Shareholders' Equity

For the nine months ended September 30, 2023 and 2022

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	Number of shares #000's		**Amount**		**Contributed Surplus**		**AOCI**		**Deficit**		**Total**
Balance - January 1, 2022	88,028	$	192,024	$	27,391	$	936	$	(137,040)	$	83,311
Options exercised	198		776		(776)		-		-		-
Share-based compensation	-		-		3,321		-		-		3,321
Net loss	-		-		-		-		(2,261)		(2,261)
Other comprehensive income	-		-		-		(45)		-		(45)
Balance - September 30, 2022	88,226	$	192,800	$	29,936	$	891	$	(139,301)	$	84,326
Balance - January 1, 2023	**88,226**	**$**	**192,800**	**$**	**30,553**	**$**	**112**	**$**	**(139,201)**	**$**	**84,264**
Shares issued	**4,656**		**15,156**		**-**		**-**		**-**		**15,156**
Warrants	**-**		**(2,008)**		**2,008**		**-**		**-**		**-**
Options exercised	**-**		**32**		**(32)**		**-**		**-**		**-**
Share-based compensation	**-**				**1,822**		**-**		**-**		**1,822**
Net loss	**-**		**-**		**-**		**-**		**(4,232)**		**(4,232)**
Other comprehensive income	**-**		**-**		**-**		**(323)**		**-**		**(323)**
Balance - September 30, 2023	**92,882**	**$**	**205,980**	**$**	**34,351**	**$**	**(211)**	**$**	**(143,433)**	**$**	**96,687**

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

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

		For the nine months ended September 30,		
		2023		2022
Cash flows from operating activities				
Net loss from continuing operations	**$**	**(4,232)**		(5,078)
Items not affecting cash				
Depreciation and amortization		**30**		35
Unrealized foreign exchange		**(261)**		(120)
Change in fair value of derivative (Note 3(c))		**2**		-
Share-based compensation (Notes 6(b))		**1,820**		3,321
Accretion on debt		**-**		38
		(2,641)		**(1,804)**
Change in non-cash operating working capital				
Increase in amounts receivable and prepaid expenses		**(111)**		(511)
Increase in accounts payable and accruals		**125**		(441)
Cash used in operating actvities of continuing operations	**$**	**(2,627)**	$	(2,756)
Income (loss) from discontinued operations		-		2,687
Accretion on restoration obligation		-		13
Gain on sale of Rayrock (Note 3)		-		(2,860)
Change in non-cash operating working capital				
Increase in amounts receivable and prepaid expenses		-		(7)
Decrease in accounts payable and accrued liabilities		-		(8)
Cash used in operating actvities of discontinued operations		-		(175)
Net cash used in operating activities	**$**	**(2,627)**	$	(2,931)
Cash flows from financing activities				
Issuance of common shares and units (Note 6(b))		**15,093**		-
Repayment of loan		**-**		(3,000)
Lease payments		**(36)**		(33)
Cash used in financing activities	**$**	**15,057**	$	(3,033)
Cash flows from investing activities				
Proceeds from the sale of Rayrock		**-**		150
Proceeds from sale of royalty		**-**		15,500
Exploration and evaluation assets - property option payments		**(2,000)**		(5,495)
Exploration and evaluation assets - capitalized expenditures		**(6,132)**		(13,276)
Cash used in investing activities	**$**	**(8,132)**	$	(3,121)
Effect of exchange rate changes on cash		**4**		76
Increase (decrease) in cash		4,302		(9,009)
Cash: beginning of the period		**14,636**		26,786
Cash: end of the period	**$**	**18,938**	$	17,777

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

Note 1 - Nature of operations and liquidity risk

(a) Nature of operations
Marimaca Copper Corp. ("Marimaca Copper" or the "Company") was incorporated under *the Business Corporations* Act (British Columbia). Marimaca Copper is an exploration and development company focused on base metal projects in Chile.

The Company's principal asset is the Marimaca Copper Project (the "Marimaca Project"), located in the Antofagasta Region of northern Chile. The Marimaca Project comprises a set of concessions (the "1-23 Claims"), properties 100% owned and optioned by the Company, combined with the adjacent La Atómica and Atahualpa claims over which Marimaca Copper has the right to explore and exploit resources and this larger area is referred to as the "Marimaca District".

The Company's registered office is Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, Canada.

(b) Liquidity risk
These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue in operation for at least the next twelve months.

The Company is an exploration and development company that currently does not generate operational revenue from its assets. At September 30, 2023, the Company had working capital of $23.1 million (December 31, 2022 – $18.9 million), which management believes is sufficient to meet its property option payments, its obligations and to continue to fund operations for at least the next twelve months.

Beyond the next 12 months, the Company's ability to continue as a going concern and to advance the Marimaca Project will be dependent upon its ability to obtain the necessary financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Note 2 - Significant accounting policies

a) Statement of compliance
These condensed interim consolidated financial statements include the accounts of Marimaca Copper and its wholly-owned subsidiaries (its "subsidiaries") (hereinafter together with Marimaca Copper, the "Company"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022 ("2022 annual financial statements"), and were prepared using the same accounting policies, except as noted below, method of computation and presentation as were applied in the annual consolidated financial statements for the year ended December 31, 2022. All amounts are expressed in thousands of U.S. dollars ($), unless otherwise noted. References to C$ are to Canadian dollars.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2023.

The results of operations for the three and nine months ended September 30, 2023, are not necessarily indicative of the results to be expected for the full year. Seasonality is not considered to have a significant impact over the condensed interim consolidated financial statements.

b) Significant judgements, estimates and assumptions

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. The areas of judgement and estimation are consistent with those reported in the annual consolidated financial statements for the year ended December 31, 2022, and the following discusses the most significant accounting judgements and estimates that the Company has made in the preparation of these condensed interim consolidated financial statements:

i) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or 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 sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of September 30, 2023.

ii) Share-based compensation

The Company applies the fair value method of accounting using the Black-Scholes model to determine the fair value of stock-options granted to employees, consultants and directors. The model includes significant assumptions as to the estimated life of the stock options, the forfeiture rate and the volatility of the stock. The Company uses historical data to estimate the expected future volatility of the stock, the estimated lives of the stock options and the forfeiture rate.

Stock options granted might include performance conditions related to the achievement of specified performance targets or a milestone and might pertain either to the performance of the Company as a whole or to some part of the enterprise, such as a subsidiary. The measurement of compensation costs for a stock-based award with a performance condition that will determine the number of options or shares to which all employees receiving the award will be entitled, is based on the best estimate of the outcome of the performance condition. The Company estimates forfeitures awards by individual employees and recognizes them as they occur. Management assesses all the factors and uses its judgment to calculate these estimates.

iii) Fair value of derivative

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgement to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to Note 3 for further details on the methods and assumptions associated with the measurement of the derivative contained within the contract for the cash consideration of the Rayrock transaction.

c) New Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted but are not expected to have a material impact on the Company's financial statements.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of this amendment is not expected to have a significant impact on the Company's financial statements.

Note 3 – Disposition of subsidiary and discontinued operations

Sale of Minera Rayrock Ltda ("Rayrock")

On March 3, 2022, the Company entered into an agreement to sell its wholly-owned indirect subsidiary, Rayrock, which holds the Ivan plant, to a third party ("5Q"). The transaction closed on March 21, 2022. Under the terms of the agreement, 5Q acquired 100% of the issued and outstanding shares of Rayrock for a purchase price of up to $10.9 million, payable in instalments over several periods. On July 26, 2023, Marimaca and 5Q amended the payment schedule as follows:

- 1st Instalment - $0.15 million upon signing (received);
- 2nd Instalment - $0.35 million upon approval of the Ivan plant's technical permits (received);
- 3rd Instalment – Between $1.8 million to $2.1 million not earlier than September 30, 2023, and not later than December 31, 2023, determined by reference to LME copper price (revised schedule). This payment will be subject to interest of 12% per annum to be accrued from March 31st, 2023, and compounded monthly;
- 4th Instalment – Between $2.7 million to $3.1 million up to fifteen months after the third payment is made, determined by reference to the LME copper price (revised schedule); and
- 5th Instalment – Between $4.1 million to $5.2 million up to fifteen months after the fourth payment is made, determined by reference to the LME copper price (revised schedule).

In addition, certain contingent payments are to be paid as follows:

- Up to $6.0 million based on potential future stockpile acquisitions to be processed through the Ivan plant, based on the amount of copper contained in the stockpiles:
  - $1.0 million for stockpiles containing 5,000 tonnes ("t") to 10,000t total copper;
  - $2.0 million for stockpiles containing 10,000t to 20,000t total copper;
  - $4.0 million for stockpiles containing 20,000t to 30,000t total copper; or
  - $6.0 million for stockpiles containing > 30,000t total copper.

- A 1.5% net smelter return royalty ("NSR") was granted to the Company on certain concessions held by Rayrock.

(a) Operations to March 21, 2022

The disposition was completed on March 21, 2022, on which date control of Rayrock passed to 5Q. As a result of the loss of control of Rayrock, the Company determined that Rayrock met the criteria as a discontinued operation under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

For the period from January 1, 2022 to March 21, 2022, the net income from Rayrock is reported as income from discontinued operations. From March 21, 2022 onwards, the results from Rayrock are not reported in the financial statements of Marimaca Copper.

(b) Gain on sale of Rayrock

On March 21, 2022, the Company completed the sale of Rayrock to 5Q. The fair value of the total consideration was estimated to be $9.3 million resulting in a gain on the sale of Rayrock of $2.9 million. The Company received a cash payment of $0.15 million upon signing of the definitive documents and recorded current amounts receivable of $2.1 million and non-current amounts receivable of $6.0 million associated with the future instalments.

Management determined the fair value of the NSR based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the NSR were the mineral resources applicable to the NSR, the production levels, timing of production, the discount rate and long-term consensus copper prices. Management estimates mineral resources based on information compiled and reviewed by management's experts.

The NSR is recorded as an exploration and evaluation asset on the Company's statement of financial position.

The total consideration and the identifiable assets and liabilities disposed of on the sale of Rayrock are as follows:

(In millions of US dollars)		**March 21, 2022**
Proceeds from sale		
Cash consideration	$	8.3
Contingent payments		-
NSR fair value		1.0
Total consideration	**$**	**9.3**
Assets		
Total current assets		0.1
Total non-current assets		11.4
Total assets	$	11.5
Liabilities		
Total current liabilities		0.1
Total non-current liabilities		5.0
Total liabilities		5.1
Total net assets		6.4
Gain on sale of Rayrock	**$**	**2.9**

(c) Derivative

Under the terms of the sale agreement, the final values of the cash amounts for the third, fourth and fifth instalments are dependent on average copper prices using LME data. As such, management concluded that the cash consideration included a derivative. Upon initial recognition, management also took into consideration the fair value of the future instalments using a discounted cash valuation approach.

Management determined the fair value of the derivative based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the derivative asset were the discount rate, timing of future instalments and copper price forward curve. The Company recorded a change in the derivative of $1 thousand and $2 thousand in the three and nine months ended September 30, 2023, respectively.

Note 4 - Exploration and evaluation assets

(In thousands of US dollars)		Marimaca Project		Marimaca District		Other	Total
January 1, 2022	$	52,803	$	1,356	$	-	$ 54,159
Exploration and evaluation costs		15,474		630		-	16,104
Property acquisition costs		5,425		220		-	5,645
NSR (Rayrock Transaction)						994	994
Osisko royalty		(15,500)					(15,500)
December 31, 2022	**$**	**58,202**	**$**	**2,206**	**$**	**994**	**$ 61,402**
Exploration and evaluation costs		5,807		325		-	6,132
Property acquisition costs		2,000		-		-	2,000
September 30, 2023	**$**	**66,009**	**$**	**2,531**	**$**	**994**	**$ 69,534**

Osisko Gold Royalties Ltd. Transaction
On September 8, 2022, Marimaca, together with certain of its wholly-owned Chilean subsidiaries, and Osisko Gold Royalties Ltd. entered into a Royalty Agreement whereby Marimaca granted an unsecured 1.0% NSR to Osisko on concessions that currently host the Marimaca Oxide Deposit as well as certain rights including a right of first refusal with respect to any royalty, stream, or similar interest in connection with project financing of the Marimaca Project for cash consideration of $15.5 million in aggregate. Under the Investment Agreement, Marimaca agreed to exercise certain buyback rights in respect of royalties granted under the 1-23 Purchase Agreement and La Atomica option agreement prior to commercial production which total $6.0 million in aggregate.

Llanos and Mercedes ("Ll&M")
Under the terms of a May 2019 option agreement, the Company may acquire the Llanos and Mercedes properties for a total consideration of $2.0 million, fully paid in 2023. In addition, the Llanos and Mercedes claims are subject to a 1% NSR with a purchase option for the NSR of $0.5 million, exercisable up to 24 months from the start of commercial production.

The Company owns all the concessions that make up the Marimaca Project and any historical option agreements relating to concessions have been exercised. In terms of the greater Marimaca District, as of September 30, 2023, the following option agreements were exercised as follows:

Akicy

Under the terms of a July 2020 option agreement, the Company has acquired the Cincy 1-10 and Esperada 1-17 (1-5 and 11-15) properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary (paid); $0.11 million on the 24-month anniversary (paid) and $0.3 million on the 36-month anniversary (paid on July 11, 2023). These claims are subject to a 1.5% NSR with a clause to buy a 0.5% NSR for $0.5 million, exercisable at any time.

Emilia

Under the terms of an August 2020 option agreement, the Company has acquired the Emilia 1-10 properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary (paid); $0.11 million on the 24-month anniversary (paid) and $0.3 million on the 36-month anniversary (paid on July 12, 2023). These claims are subject to a 1.5% NSR with a clause to buy a 0.5% NSR for $0.5 million, exercisable at any time.

Note 5 - Accounts payable and accrued liabilities

(In thousands of US dollars)		**September 30, 2023**		December 31, 2022
Accounts payable	**$**	**142**	$	179
Accrued liabilities		**546**		382
	$	**688**	$	561

Note 6 – Shareholders' equity

a) Share capital

Authorized
The Company authorized capital includes an unlimited number of common shares (92,881,650 common shares issued and outstanding as at September 30, 2023) having no par value.

b) Private Placement

On July 11, 2023, the Company completed a non-brokered private placement with Mitsubishi Corporation ("Mitsubishi") via a non-brokered private placement (the "Strategic Investment"), which it issued 4,640,371 units ("Units") at a price of C$4.31 per Unit for gross proceeds of C$20 million ($15.1 million). Each Unit comprised one common share of the Company (a "Common Share") and one of one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitled the holder to purchase one additional Common Share at an exercise price of C$5.60 for a period of 24 months following the closing. Following the completion of the Strategic Investment, Mitsubishi now owns approximately 5.0% of Marimaca's issued and outstanding common shares on a non-diluted basis. The Unit subscription price represented an 11% premium to the 20-day volume weighted average price of the Company's common shares on the Toronto Stock Exchange ("TSX") as of June 19, 2023.

c) Stock options and RSU

During the three and nine months ended September 30, 2023, the Company granted nil stock options (Q3 2022 – 0.2 million) and 0.5 million stock options (2022 – 0.2 million), respectively. The stock options have a weighted average exercise price of C$4.00 per stock option (2022 – C$3.70) and a weighted average life of 5 years (2022 – 5 years). The fair value of the stock options was estimated to be C$0.8 million in aggregate (2022 – C$0.3 million).

Stock options were valued using the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted: risk-free rate – 3.29% (2022 –3.40%); volatility – 56% (2022 – 58%); expected life – 5 years (2022 – 5 years) and dividend yield – 0% (2022 – 0%).

During the three and nine months ended September 30, 2023, the Company awarded to management and directors with nil million RSUs (Q3 2022 – nil) and 0.3 million RSUs (2022 – nil), respectively. The fair value of the RSUs, which is determined with reference to the trading price of the Company's common shares immediately preceding the date of issuance, was determined to be C$0.9 million in 2022 (2022 – Nil).

For the three and nine months ended September 30, 2023, the Company recorded $0.3 million and $1.8 million in share-based compensation, respectively ($0.7 million and $3.3 million for nine months ended September 30, 2022, respectively), associated with the vesting of granted stock options and RSUs.

d) Warrants

In July 2023, the Company issued 4.6 million Warrants in connection with the completion of the private placement described in Note 6(b) above. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: risk-free rate – 4.76%; expected life – 2 years; volatility – 42.37%; dividend yield – 0%, resulting in a fair value of C$2.8 million ($2.2 million). This resulted in C$2.6 million ($2 million) of the net proceeds being allocated to the warrants based on the relative fair value of the shares and warrants at the completion date.

	2023			2022		
	Number of Warrants	**Weighed average exercise price**	**average remaining life (years)**	Number of Warrants	Weighed average exercise price	Weighted average remaining life (years)
Outstanding - January 1	-	-	-	11,157,927	4.09	0.92
Issued	**4,640,371**	**5.60**	**2.00**	-	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding - September 30	**4,640,371**	**5.60**	**1.78**	11,157,927.00	4.09	0.17

Note 7 - Related party transactions

Key management personnel

The Company considers directors and officers of the Company to be key management personnel. Compensation was as follows:

	Three months ended Sept 30,		**Nine months ended Sept 30,**	
(In thousands of US dollars)	**2023**	2022	**2023**	2022
Short-term benefits[(1)]	**$ 431**	$ 355	**$ 1,668**	$ 1,158
Share-based payments[(2)]	**161**	616	**$ 1,401**	3,097
Total	**$ 592**	$ 971	**$ 3,069**	$ 4,255

[(1)] Includes salary, benefits and short-term accrued incentives/other bonuses earned in the period.
[(2)] Represents the expense of stock options and restricted share units during the period.

Note 8 - Segmented information

The chief operating decision-maker organizes and manages the business under one operating segment. The table below shows the geographical location of various assets and liabilities held by the Company as at September 30, 2023 and the net loss associated with each location for the nine months ended September 30, 2023.

(In thousands of US dollars)	**Chile**	**Canada**	**Total**
September 30, 2023			
Current assets	6,138	17,738	**$ 23,876**
Non-current assets	73,622	21	**73,643**
Total assets	79,760	17,759	**97,519**
Current liabilities	543	226	**769**
Non-current liabilities	63	-	**63**
Total liabilities	606	226	**832**
Net loss	(583)	(3,649)	**(4,232)**

Note 9 - Financial instruments

The fair value of the Company's financial assets is as follows:

(In thousands of US dollars)	**Fair value Hierarchy Classification**	**September 30, 2023**	**December 31, 2022**
Fair value through profit and loss:			
Derivative asset	Level 3	$ 8,558	$ 8,560

The fair value of the derivative related to the Rayrock sale was estimated based on discounted future cash flows using a probability-based valuation model, resulting in a fair value adjustment during the three and nine months ended September 30, 2023, of $1 thousand and $2 thousand (Q3 2022 – Nil), respectively. The model is updated quarterly for the counterparty's credit spread, copper price forward curve and/or consensus copper prices and estimate of future payment dates. Payments from 5Q are related to the average LME copper price, if for example, copper prices were to decrease or increase from the current forward prices and/or consensus copper prices as at September 30, 2023 by 20% and all other assumptions remained the same, the approximate derivative value would be $7.551 million and $9.160 million, respectively.

As at September 30, 2023, the Company's carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Credit risk
Credit risk is a risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations as agreed. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company deposits its cash with high credit quality financial institutions as determined by rating agencies.

Currency risk
Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates in the market. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; foreign exchange gains and losses in these situations impact earnings.

The Company's significant subsidiaries are located in Chile and although their functional currency is the U.S. dollar, they are subject to currency risk because they maintain certain cash, amounts receivable and prepaid and accounts payables and accrued liabilities in Chilean pesos. The parent company is in Canada and its functional currency is the Canadian dollar and also maintains cash and accounts payables and accrued liabilities in Canadian and US dollars.

Total currency exposure from foreign currencies is equivalent to $0.5 million as at September 30, 2023 ($1.2 million as of December 31, 2022). Based on the net exposures as of September 30, 2023, and assuming that all other variables remain constant, a change of 10% in the Canadian dollar and/or Chilean peso against the US dollar would result in a change in the Company's net loss of approximately $0.01 million, respectively. The Company manages and monitors the currency risk on a regular basis.

As at September 30, 2023, the Company held its cash as follows: 93.6% in U.S. dollars, 2.4% in Canadian dollars and 3.9% in Chilean pesos, with 93.1% of cash held in Canadian banks and 6.9% held in Chilean banks, as at September 30, 2023.

Interest rate risk
Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Cash is the only financial instrument the Company holds that is impacted by interest. There is limited interest rate risk associated with the Company´s cash balance.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances and/or loans as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs.