HALCONES PRECIOUS METALS CORP.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Halcones Precious Metals Corp.

Opinion

We have audited the consolidated financial statements of Halcones Precious Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' (deficiency) equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of December 31, 2023, the Company's current liabilities exceeded its current assets and it has an accumulated deficit. The Company also anticipates a need for financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

McGovern Hurley

Key audit matters

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

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

McGovern Hurley

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

McGovern
Hurley

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

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

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

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2024

Halcones Precious Metals Corp.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

As at:	Note	**December 31, 2023**	December 31, 2022
ASSETS			
Current			
Cash and cash equivalents		**$ 193,957**	$ 1,657,907
Amounts receivable		**85,009**	52,585
Prepaid expenses		**60,113**	83,582
Total current assets		**339,079**	1,794,074
Long-term			
Prepaid royalties	5	**-**	19,050
Total assets		**$ 339,079**	$ 1,813,124
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	**$ 1,029,138**	$ 212,305
Total liabilities		**1,029,138**	212,305
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Common shares	6	**9,740,718**	7,270,125
Warrant reserve	7	**1,303,843**	917,717
Option reserve	7	**1,108,789**	28,302
Accumulated deficit		**(12,843,409)**	(6,615,325)
Total shareholders' (deficiency) equity		**(690,059)**	1,600,819
Total liabilities and shareholders' (deficiency) equity		**$ 339,079**	$ 1,813,124
Nature of operations and going concern	1		
Commitments and contingencies	12		
Subsequent events	14		

Approved on behalf of the Board of Directors:

Signed: *Lawrence Guy*, Director

Signed: *Ian Parkinson*, Director

Halcones Precious Metals Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		Years ended December 31,	
	Note	**2023**	**2022**
Expenses			
Exploration and evaluation expenses	5	**$ 3,605,257**	$ 3,539,654
Consulting and management fees	10	**1,159,682**	856,225
Professional fees		**67,021**	236,455
Shareholder communications		**256,915**	161,240
Office and general		**115,266**	18,401
Transaction costs	4	**-**	666,630
Share-based compensation	7	**1,108,789**	-
Loss for the year before other items		**(6,312,930)**	(5,478,605)
Other items			
Interest income		**6,779**	16,265
Foreign exchange (loss)/gain		**(30,386)**	21,215
Net loss and comprehensive loss		**$ (6,336,537)**	$ (5,441,125)
Basic and diluted loss per share		**(0.05)**	$ (0.07)
Weighted average number of common shares outstanding			
Basic and Diluted		**130,381,954**	79,692,722

Halcones Precious Metals Corp.

Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

(Expressed in Canadian dollars)

	Number of shares	Common shares	Number of warrants	Warrant reserve	Number of options	Option reserve	Deficit	Shareholders' (deficiency) equity
	#	$	#	$	#	$	$	$
Balance, December 31, 2021	**75,381,580**	**4,237,603**	**1,232,000**	**80,151**	**-**	**-**	**(1,174,200)**	3,143,554
Unit financing	713,334	214,000	-	-	-	-	-	214,000
Broker warrants	-	(42,800)	356,667	42,800	-	-	-	-
Reverse takeover transaction	2,500,000	600,000	-	-	235,849	28,302	-	628,302
Subscription unit financing	11,462,197	3,438,660	-	-	-	-	-	3,438,660
Warrants on subscription units	-	(687,732)	5,731,100	687,732	-	-	-	-
Broker warrants	-	(107,034)	802,354	107,034	-	-	-	-
Issue costs	-	(382,572)	-	-	-	-	-	(382,572)
Loss and comprehensive loss	-	-	-	-	-	-	(5,441,125)	(5,441,125)
Balance, December 31, 2022	**90,057,111**	**7,270,125**	**8,122,121**	**917,717**	**235,849**	**28,302**	**(6,615,325)**	**1,600,819**
Private placement unit financing	61,162,925	3,058,146	-	-	-	-	-	3,058,146
Warrants on private placement	-	(423,500)	30,581,462	423,500	-	-	-	-
Broker warrants	-	(42,777)	1,981,000	42,777	-	-	-	-
Issue costs	-	(121,276)	-	-	-	-	-	(121,276)
Option reserve	-	-	-	-	14,470,000	1,108,789	-	1,108,789
Expiry of warrants and options	-	-	(1,232,000)	(80,151)	(235,849)	(28,302)	108,453	-
Loss and comprehensive loss	-	-	-	-	-	-	(6,336,537)	(6,336,537)
Balance, December 31, 2023	**151,220,036**	**9,740,718**	**39,452,583**	**1,303,843**	**14,470,000**	**1,108,789**	**(12,843,409)**	**(690,059)**

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

Halcones Precious Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note		Years ended December 31, 2023		2022
Cash (used in)/provided by:					
Operating activities					
Loss for the year		**$**	**(6,336,537)**	$	(5,441,125)
Items not involving cash:					
Share based compensation	7		**1,108,789**		-
Transaction costs	4		**-**		666,630
Changes in non cash working capital:					
Amounts receivable and prepaid expenses and royalties			**10,095**		(148,453)
Accounts payable and accrued liabilities			**816,833**		26,517
Net cash (used in) operating activities			**(4,400,820)**		(4,896,431)
Investing activities					
Cash acquired from reverse takeover	4		**-**		8,093
Net cash provided by investing activities			**-**		8,093
Financing activities					
Proceeds from subscription receipt issuance	6		-		3,652,660
Subscription receipt issuance costs	6		**-**		(382,572)
Proceeds from unit financing	6		**3,058,146**		-
Unit financing issuance costs	6		**(121,276)**		-
Net cash provided by financing activities			**2,936,870**		3,270,088
Change in cash			**(1,463,950)**		(1,618,250)
Cash, beginning of the year			**1,657,907**		3,276,157
Cash, end of the year		**$**	**193,957**	$	1,657,907
Cash			**93,957**		1,657,907
Cash equivalents			**100,000**		-
		$	**193,957**	$	1,657,907
SUPPLEMENTAL INFORMATION					
Value of broker warrants	6, 7	**$**	**42,777**	$	107,034

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Halcones Precious Metals Corp. (the "Company", or "Halcones") was incorporated on July 13, 2008 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act of Ontario*.

The Company is currently engaged in the acquisition, exploration, and development of mineral properties in Chile. The head office and principal address of the Company is 36 Lombard Street, Toronto Ontario, M5C 2X3.

The Company owns the following subsidiaries:

- A 100% interest in Halcones Precious Metals Inc., which owns a 100% interest in Exploraciones Los Halcones S.A. ("Halcones Panama"), a company incorporated on July 8, 2021 in Panama which in turn owns 100% of Minera Los Halcones SpA ("Halcones Chile"), a company incorporated on July 26, 2021 in the Republic of Chile.

On September 20, 2022, the Company closed a reverse takeover transaction (the "Transaction") with Halcones Precious Metals Inc. (the "Target"). The Transaction was completed by way of a "three-cornered" amalgamation pursuant to the provisions of the Business Corporations Act (Ontario). Prior to the completion of the Transaction, the Company changed its name from "Pinehurst Capital II Inc." to "Halcones Precious Metals Corp.". Pursuant to the Transaction, all common shares of the Target were exchanged for Company Shares on a one-for-one basis and the Target and 1000090101 Ontario Inc., a wholly owned subsidiary of the Company newly incorporated under the Business Corporations Act (Ontario) for the sole purpose of effecting the Transaction, amalgamated with the resulting entity continuing as a wholly owned subsidiary of the Company under the name "Halcones Precious Metals Inc.". See Note 4. These financial statements present the continuation of the Target and the acquisition of Pinehurst Capital II Inc. by Halcones Precious Metals Inc. as a reverse acquisition for accounting purposes.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral exploration properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

At December 31, 2023, the Company had a current assets of $339,079 and current liabilities of $1,029,138 (December 31, 2022 – current assets of $1,794,074 and current liabilities of $212,305) and an accumulated deficit of $12,843,409 (December 31, 2022 - $6,615,325). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of presentation

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. All values are rounded to the nearest dollar.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated on consolidation.

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the years ended December 31, 2023 and 2022 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 24, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents
Cash and cash equivalents consist of highly liquid investments, such as guaranteed investment certificates and deposit accounts with chartered banks, trust accounts held with lawyers, cashable within three months of the date of original issue.

Financial Assets and Liabilities
Financial Assets
Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement - financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss. The Company's cash and cash equivalents, and amounts receivable are recorded at amortized cost.

Subsequent measurement - financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of earnings (loss). The Company does not measure any financial assets at FVPL.

Subsequent measurement - financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term loans payable, net of directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Exploration and evaluation properties
All expenditures on exploration and evaluation activities, including costs incurred to acquire and secure exploration property licenses, are recorded as project evaluation expenses until it has been established that a mineral property is commercially viable.

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects.

Foreign currency translation
Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes
Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income/loss, in which case the income tax is recognized in equity or other comprehensive income/loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share
The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2023 and 2022.

Provisions
(a) General
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the consolidated statement of loss.

(b) Rehabilitation provisions
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss.

The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2023 and 2022.

Current accounting changes
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. These changes were assessed to not have a material impact on the Company's consolidated financial statements.

Future accounting changes
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Critical judgements and estimation uncertainties

The preparation of 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 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.

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

Share-based payments and warrants

Management determines costs for share-based payments and warrants issued in financing transactions using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

Refer to Note 12.

4. REVERSE ACQUISITION

During the prior year, on September 20, 2022, the Company completed the acquisition of all of the issued and outstanding shares of Halcones Precious Metals Inc. by way of a three-cornered amalgamation with a wholly owned subsidiary of the Company. For accounting purposes, Halcones Precious Metals Inc. was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Halcones Precious Metals Inc. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying value. The Company's results of operations have been included from the transaction date, September 20, 2022. As Pinehurst Capital II Inc. did not qualify as a business according to the definition in IFRS 3 Business Combinations, this reverse acquisition does not constitute a business combination and has been accounted for in accordance with IFRS 2 Share-based Payments, such that Halcones Precious Metals Inc. is deemed to have issued shares in exchange for the net assets and listing status of Pinehurst Capital II Inc.

Pursuant to the transaction, the Company issued 2,500,000 common shares to the shareholders of Pinehurst Capital II Inc. The issued and outstanding common shares of Halcones Precious Metals Inc. were exchanged for shares of the Company on a 1:1 basis. As part of the acquisition, the Company acquired a working capital deficiency of $38,328. Transaction costs, being the excess of the value of the shares issued over net assets, were $666,630.

Expressed in Canadian Dollars

4. REVERSE ACQUISITION (continued)

Details of the allocation of the estimated fair values of identifiable assets acquired and liabilities assumed, and price consideration are as follows:

Consideration paid:		
Shares, 2,500,000 shares valued at $0.24	$	600,000
Options, 235,849 valued at $0.12		28,302
	$	628,302
Purchase price allocation:		
Cash	$	8,093
Accounts payable		(46,421)
Transaction costs		666,630
	$	628,302

The value of the shares was based on the price of the subscription receipts. The value of the options was estimated using the Black-Scholes model with the following assumptions: expected dividend yield of 0%; share price of $0.24; expected volatility of 120% based on comparable entities; risk-free interest rate of 3.92% and an expected life of 1 year.

5. EXPLORATION AND EVALUATION EXPENDITURES

Carachapampa Project, Chile

On September 24, 2021, the Company signed an assignment agreement of an option contract to acquire mining concessions between a wholly owned subsidiary of the Company, Minera Los Halcones SpA and Austral Explorations SpA, an arm's length corporation, whereby the Company had the option, subject to certain conditions therein, to obtain a 100% interest in the mining rights associated with eleven concessions in the Carachapampa Project.

To fully exercise the option, the Company was required to make the following payments:

- US$50,000 by April 7, 2022 ($62,920, paid);
- US$200,000 by April 7, 2023 (extended by agreement to July 7, 2023, paid);
- US$500,000 by April 7, 2024; and
- US$3,100,000 by April 7, 2025.

The price of the assignment of the option contract included a fixed part ("Fixed Price") and a variable part ("Variable Price").

The Fixed Price is US$299,000, payable in two instalments, plus 3,000,000 common shares of Halcones. The first instalment of US$149,000 ($188,932) was paid in September 2021 and the second instalment of US$150,000 ($187,530) was paid in March 2022. The 3,000,000 common shares of the Company were issued on November 1, 2021.

The Variable Price is a Net Smelter Return ("NSR") royalty of 2%. Halcones Chile has the right to repurchase 0.5% of the NSR royalty for US$2,000,000. This right may be exercised only once. An advance of the NSR royalty in the amount of US$15,000 is payable yearly in March, commencing in 2022. These payments will be deducted from the NSR royalty when it begins to accrue. The Company paid the 2022 royalty advance on March 25, 2022. The royalty advance for 2023 was paid on April 4, 2023.

Subsequent to December 31, 2023, in April 2024, the Company withdrew from the option agreement and is actively evaluating other opportunities.

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Exploration and evaluation expenses are detailed in the following table:

	Years ended December 31, 2023	Years ended December 31, 2022
Drilling and geophysics	$ 2,719,634	$ 2,727,749
Property option payments	265,536	250,450
Land management fees, taxes and permits	33,715	268,279
Advance royalty payments	36,071	-
Travel, meals and accomodations	16,464	37,868
Professional fees	115,558	50,505
Project overhead costs	418,279	204,803
Total exploration and evaluation expenses	**$ 3,605,257**	**$ 3,539,654**

6. COMMON SHARES

Authorized

On December 31, 2023, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding	Amount
Balance, December 31, 2021	**75,381,580**	**$ 4,237,603**
Unit financing (ii)	713,334	214,000
Warrant valuations (ii)	-	(42,800)
Reverse takeover transaction (iii)	2,500,000	600,000
Subscription receipts financing (iv)	11,462,197	3,438,660
Warrant valuations (iv)	-	(687,732)
Broker warrant valuations (iv)	-	(107,034)
Cost of issue (iv)	-	(382,572)
Balance, December 31, 2022	**90,057,111**	**$ 7,270,125**
Private placement unit financing (i)	61,162,925	3,058,146
Warrant valuations (i)	-	(423,500)
Broker warrant valuations (i)	-	(42,777)
Cost of issue (i)	-	(121,276)
Balance, December 31, 2023	**151,220,036**	**$ 9,740,718**

(i) In July and August 2023, the Company closed a non-brokered private placement unit financing, in four tranches, issuing 61,162,295 units of the Company at a price of $0.05 per unit for gross proceeds of $3,058,146. Each unit was comprised of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 for a period of 3 years from the date of closing. As well, 1,981,000 broker warrants were issued at an exercise price of $0.05 to expire in 3 years. The warrants were valued at $423,500 and the broker warrants were valued at $42,777, both estimated using the Black-Scholes option pricing model (see Note 7 for valuation assumptions). In connection with this financing, the Company paid $121,276 in finders fees and regulatory costs.

Some of the Company's directors and officers subscribed for 9,062,925 units in relation to this financing.

Expressed in Canadian Dollars

6. COMMON SHARES (continued)

(ii) On June 30, 2022, the Company completed a unit financing whereby 713,334 units were issued for gross proceeds of $214,000 at a price of $0.30 per unit. Each unit consists of one common share and one half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company for a two-year period at a price of $0.40. The warrants were valued at $42,800 based on a proration of the unit proceeds between common shares based on their estimated relative fair value. The fair value of the warrants was estimated using the Black-Scholes option pricing model (Note 7).

(iii) In connection with the reverse acquisition completed on September 20, 2022 (Note 4), 2,500,000 shares were issued to the former shareholders of Pinehurst Capital II Inc., valued at a price of $0.24 which was the value of common shares issued in the brokered private placement (Note 6(iv)).

(iv) In June 2022, Halcones Precious Metals Inc. (the "Target") closed a brokered private placement of subscription receipts by issuing 11,462,197 Subscription Receipts at a price of $0.30 each, for gross proceeds of $3,438,660. Pursuant to the reverse acquisition transaction, each Subscription Receipt was automatically converted into one share of the Target and one-half of one warrant of the Target, and each Target share and each whole Target warrant was immediately exchanged for one common share and one warrant of the Company respectively. The proceeds had been placed in escrow in June 2022 until the completion of the transaction on September 20, 2022 whereby the funds were released to the Company. The 5,731,100 warrants were valued at $687,732 using the Black-Scholes option pricing model (Note 7).

In connection with this transaction, the Company incurred the following costs:

- the issuance of 802,354 broker warrants, each exercisable to acquire one common share of the Company at a price of $0.30 until June 24, 2024. The fair value of the broker warrants was estimated at $107,034 using Black-Scholes option pricing model (Note 7);
- cash payments of $382,572 including agent fees and expenses .

7. EQUITY RESERVES

Warrants

The changes in warrants issued during the years ended December 31, 2023 and 2022 are as follows:

	Number of warrants		Weighted average exercise price		Value of warrants
Balance, December 31, 2021	**1,232,000**	**$**	**0.10**	**$**	**80,151**
Granted - Broker warrants (Note 6(iii))	802,354		0.30		107,034
Granted - Unit financing (Note 6(ii))	356,667		0.40		42,800
Granted - Subscription units (Note 6(iii))	5,731,100		0.40		687,732
Balance, December 31, 2022	**8,122,121**	**$**	**0.34**	**$**	**917,717**
Granted - Unit financing (Note 6(i))	30,581,462	$	0.10	$	423,500
Granted - Broker warrants (Note 6(i))	1,981,000	$	0.05	$	42,777
Expiry	(1,232,000)	$	0.10	$	(80,151)
Balance, December 31, 2023	**39,452,583**	**$**	**0.15**	**$**	**1,303,843**

Expressed in Canadian Dollars

7. EQUITY RESERVES (continued)

The following table summarizes the warrants outstanding as of December 31, 2023:

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Share price	Volatility	Risk-free interest rate	Expected life
#	#			$	$				Years
5,731,100	5,731,100	24-Jun-22	24-Jun-24	0.40	687,732	$ 0.24	116%	3.12%	2.00
802,354	802,354	24-Jun-22	24-Jun-24	0.30	107,034	$ 0.24	116%	3.12%	2.00
356,667	356,667	30-Jun-22	30-Jun-24	0.40	42,800	$ 0.24	116%	3.10%	2.00
12,431,462	12,431,462	14-Jul-23	14-Jul-26	0.10	177,800	$ 0.04	80%	4.30%	3.00
7,400,000	7,400,000	19-Jul-23	19-Jul-26	0.10	98,800	$ 0.04	80%	4.27%	3.00
7,300,000	7,300,000	31-Jul-23	31-Jul-26	0.10	99,700	$ 0.04	80%	4.41%	3.00
3,450,000	3,450,000	18-Aug-23	18-Aug-26	0.10	47,200	$ 0.04	79%	4.51%	3.00
105,000	105,000	14-Jul-23	14-Jul-26	0.05	2,267	$ 0.04	80%	4.30%	3.00
931,000	931,000	19-Jul-23	19-Jul-26	0.05	20,092	$ 0.04	80%	4.27%	3.00
735,000	735,000	31-Jul-23	31-Jul-26	0.05	15,900	$ 0.04	80%	4.41%	3.00
210,000	210,000	18-Aug-23	18-Aug-26	0.05	4,518	$ 0.04	79%	4.51%	3.00
39,452,583	**39,452,583**				**1,303,843**				

The weighted-average remaining contractual life of the warrants as of December 31, 2023 is 2.2 years (December 31, 2022: 1.38 years).

Options

The changes in options issued during the years ended December 31, 2023 and 2022 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2021	**-**	**$ -**	**$ -**
Options acquired from reverse takeover transaction (Note 4)	235,849	0.21	28,302
Balance, December 31, 2022	**235,849**	**$ 0.21**	**$ 28,302**
Granted - January 2023	14,470,000	0.15	1,108,789
Expiry	(235,849)	0.21	(28,302)
Balance, December 31, 2023	**14,470,000**	**$ 0.15**	**$ 1,108,789**

On January 26, 2023, the Company granted 1,000,000 stock options to an officer of the Company. The options vested immediately and may be exercised at a price of $0.11 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $100,653 using the Black-Scholes pricing model (see table below for assumptions used).

On January 26, 2023, the Company granted a total of 7,050,000 stock options to directors, officers, and consultants of the Company. The options vested immediately and may be exercised at a price of $0.20 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $687,136 using the Black-Scholes pricing model (see table below).

Expressed in Canadian Dollars

7. EQUITY RESERVES (continued)

On October 11, 2023, the Company granted a total of 6,420,000 stock options to directors, officers, and consultants of the Company. The options vested immediately and may be exercised at a price of $0.10 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $321,000 using the Black-Scholes pricing model (see table below).

The following table summarizes the options outstanding as of December 31, 2023:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Share price	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$				Years	
1,000,000	1,000,000	26-Jan-23	26-Jan-28	$0.11	100,653	$ 0.11	151%	2.95%	5.00	0%
7,050,000	7,050,000	26-Jan-23	26-Jan-28	$0.20	687,136	$ 0.11	151%	2.95%	5.00	0%
6,420,000	6,420,000	11-Oct-23	11-Oct-28	$0.10	321,000	$ 0.07	109%	4.15%	5.00	0%
14,470,000	**14,470,000**				**1,108,789**					

The weighted-average remaining contractual life of the options as of December 31, 2023 is 4.39 years (December 31, 2022: 0.73 years).

8. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board 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 considers its capital to consist of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may 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. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2023, the Company may not be compliant with the policies of the TSXV. The impact of any such violation is not known and is ultimately dependent on the discretion of the TSXV.

9. FINANCIAL INSTRUMENTS

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

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash and cash equivalents, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at December 31, 2023 and 2022, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*
The Company is not exposed to significant trade credit risk.

b. *Cash and cash equivalents*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Chilean Peso (CLP) from its property interests in Chile as well as fluctuations in the US dollar in which some costs are denominated. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

9. FINANCIAL INSTRUMENTS (continued)

As at December 31, 2023 and 2022, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

December 31, 2023	Chilean pesos	US dollars
Cash	$ 11,231	$ 1,226
Accounts payable and accrued liabilities	(565,936)	(121,845)
	$ (554,705)	$ (120,619)

December 31, 2022	Chilean pesos	US dollars
Cash	$ 109,264	$ 356,054
Accounts payable and accrued liabilities	(3,299)	(18,239)
	$ 105,965	$ 337,815

A 10% strengthening (weakening) of the Canadian dollar against the Chilean Peso would decrease (increase) net loss by approximately $55,000 (December 31, 2022 - $11,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately $12,000 (December 31, 2022 - $34,000)

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Company had a cash balance of $193,957 (December 31, 2022 - $1,657,907) to settle current liabilities of $1,029,138 (December 31, 2022 - $212,305). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) *Commodity / equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

Expressed in Canadian Dollars

10. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons 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. During the years ended December 31, 2023 and 2022, the remuneration of directors and other key management personnel is as follows:

	Years ended December 31, 2023	2022
Management fees	$ 1,029,597	$ 795,975
Share-based compensation	$ 861,210	$ -
Total	$ 1,890,807	$ 795,975

As at December 31, 2023, an amount of $220,085 (December 31, 2022 - $29,163) included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Directors and officers of the Company subscribed for 9,062,925 units in relation to the Company's private placement financing in July 2023.

11. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Chile. The following table summarizes the total assets and liabilities by geographic segment as at December 31, 2023 and 2022:

December 31, 2023	**Chile**	**Canada**	**Total**
Cash	$ 11,231	$ 182,726	$ 193,957
Amounts receivable	-	85,009	85,009
Prepaid expenses	8,340	51,773	60,113
Total Assets	**$ 19,571**	**$ 319,508**	**$ 339,079**
Accounts payable and accrued liabilities	$ 565,936	$ 463,202	$ 1,029,138
Total liabilities	**$ 565,936**	**$ 463,202**	**$ 1,029,138**

December 31, 2022	**Chile**	**Canada**	**Total**
Cash	$ 109,264	$ 1,548,643	$ 1,657,907
Amounts receivable	-	52,585	52,585
Prepaid expenses	319	83,263	83,582
Prepaid royalties	19,050	-	19,050
Total Assets	**$ 128,633**	**$ 1,684,491**	**$ 1,813,124**
Accounts payable and accrued liabilities	$ 3,299	$ 209,006	$ 212,305
Total liabilities	**$ 3,299**	**$ 209,006**	**$ 212,305**

Expressed in Canadian Dollars

11. SEGMENT INFORMATION (continued)

The following table summarizes the loss by geographic segment for the years ended December 31, 2023 and 2022:

December 31, 2023	**Chile**	**Panama**	**Canada**	**Total**
Interest income	$ -	$ -	$ (6,779)	$ (6,779)
Exploration and evaluation expenses	3,605,257	-	-	3,605,257
General and administrative expenses	3,803	1,021	1,594,060	1,598,884
Share-based compensation	-	-	1,108,789	1,108,789
Foreign exchange (gain)/loss	42,647	-	(12,261)	30,386
Loss	**$ 3,651,707**	**$ 1,021**	**$2,683,809**	**$ 6,336,537**

December 31, 2022	**Chile**	**Panama**	**Canada**	**Total**
Interest income	$ -	$ -	$ (16,265)	$ (16,265)
Exploration and evaluation expenses	3,539,654	-	-	3,539,654
General and administrative expenses	1,319	-	1,271,002	1,272,321
Transaction costs	-	-	666,630	666,630
Foreign exchange (gain)/loss	(33,398)	-	12,183	(21,215)
Loss	**$ 3,507,575**	**$ -**	**$1,933,550**	**$ 5,441,125**

12. COMMITMENTS AND CONTINGENCIES

Environmental

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 believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

General

The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable.

Management Contracts

The Company is party to certain management contracts. As of December 31, 2023, these contracts require payments of approximately $1,769,000 (December 31, 2022 - $1,561,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $898,000 (December 31, 2022 - $790,000) pursuant to the terms of these contracts as of December 31, 2023. As a triggering event has not taken place on December 31, 2023, these amounts have not been recorded in these consolidated financial statements. Minimum payments under these contracts due within one year are approximately $898,000.

Other

The Company has entered into certain contracts containing break fees of $35,000.

Expressed in Canadian Dollars

13. INCOME TAXES

Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2022: 26.5%) were as follows:

	2023 $	2022 $
(Loss) before income taxes	(6,336,537)	(5,441,121)
Expected income tax recovery based on statutory rate	(1,679,000)	(1,442,000)
Adjustment to expected income tax benefit:		
Share-based payments	294,000	-
Expenses not deductible for tax purposes	8,000	172,000
Change in Benefit of tax assets not recognized	1,377,000	1,270,000
Deferred income tax provision (recovery)	-	-

Deferred income taxes

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2023 $	2022 $
Non-capital loss carry-forwards - Canada	4,238,000	2,559,000
Non-capital loss carry-forwards - Chile	5,727,000	3,348,000
Share issue costs	397,000	349,000
	10,362,000	6,256,000

In Canada, the Company has approximately $4,238,000 of non-capital losses expiring between 2038 and 2043. In Chile, the Company has approximately $5,727,000 of non-capital losses that carry forward indefinitely.

The potential future benefit of these losses has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

14. SUBSEQUENT EVENTS

In April 2024, the Company announced that it has withdrawn from its option agreement to acquire the Carachapampa project.

Subsequent to December 31, 2023, the Company's subsidiary borrowed 60,000,000 CLP (approximately $90,000) from a subsidiary of Nobel Resources Corp. on a short-term basis. The amount is unsecured, non-interest bearing and has no fixed terms of repayment. The Company and Nobel Resources Corp. have certain directors and officers in common.