Alta Copper Corp. (formerly "Candente Copper Corp.")
Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
Expressed in United States Dollars, Unless Otherwise Stated

KRESTON GTA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alta Copper Corp.

Opinion

We have audited the accompanying consolidated statements of Alta Copper Corp. (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 equity, 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended, in conformity with International Financial Reporting Standards ("IFRS").

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

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

Key Audit Matter

The key audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the key audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

8953-8965 Woodbine Avenue
Markham, Ontario, L3R 0J9

66 Wellington Street
Aurora, Ontario, L4G 1H8

krestongta.com

Key Audit Matter (continued)

Assessment of Impairment of Exploration and Evaluation Assets

Key Audit Matter Description

We identified the impairment assessment of exploration and evaluation assets as a key audit matter. As disclosed in Note 6 to the consolidated financial statements, the carrying value of the Company's exploration and evaluation assets was approximately $67.6 million as at December 31, 2023 (December 31, 2022: $66 million), which is material to the consolidated financial statements. In addition, the management's impairment assessment process is highly judgmental and is based on assumptions, which are affected by expected future market or economic conditions.

As discussed in Note 3 to the consolidated financial statements, the carrying value of exploration and evaluation assets is reviewed each reporting period to determine whether there is any indication of impairment or reversal of impairment.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- Performing a walkthrough to understand the Company's process related to assessment of impairment and related controls.
- Testing of assumptions and facts in management's impairment indicators assessment for reasonableness.
- Assessing the competence and objectivity of the Company's personnel involved in preparing the impairment assessment.

The accounting and measurement methods applied are in accordance with IFRS. We consider the underlying assumptions and measurement to be reasonable.

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 and will 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
March 14, 2024

Alta Copper Corp. (formerly "Candente Copper Corp.")
Consolidated Statements of Financial Position
Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	As at December 31, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	**$ 2,416,254**	$ 341,115
Prepaid expenses and deposits	**160,412**	88,256
Total current assets	**2,576,666**	429,371
Non-current assets		
Receivables	**47,087**	42,180
Investment (note 4)	**167,439**	327,000
Right-of-use assets (note 5)	**-**	40,142
Advances towards Canadian projects (note 6)	**93,938**	85,119
Exploration and evaluation assets (note 6)	**67,609,056**	65,982,245
Equipment (note 7)	**8,620**	13,505
Total assets	**$ 70,502,806**	$ 66,919,562
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 12)	**$ 274,007**	$ 688,748
Loans payable (note 9)	**-**	1,527,977
Lease liability (note 5)	**-**	14,882
Total current liabilities	**274,007**	2,231,607
Non-current liabilities		
Loans payable (note 9)	**30,243**	29,532
Lease liability (note 5)	**-**	31,345
Total liabilities	**304,250**	2,292,484
Equity		
Share capital (note 10)	**96,098,962**	89,128,989
Reserves (note 10)	**15,514,138**	15,359,962
Accumulated deficit	**(41,414,544)**	(39,861,873)
Total equity	**70,198,556**	64,627,078
Total liabilities and equity	**$ 70,502,806**	$ 66,919,562

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

Approved on behalf of the Board:

(Signed) "Steven Latimer" Director

(Signed) "Giulio T. Bonifacio" Director

Alta Copper Corp. (formerly "Candente Copper Corp.")

Consolidated Statements of Loss and Comprehensive Loss
Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating expenses		
Business development	**$ 237,853**	$ 356,354
Legal and financing	**227,140**	177,916
Public company	**140,142**	61,960
Salaries and benefits	**119,127**	166,373
General and administrative	**92,880**	64,406
Audit, tax and accounting	**56,620**	125,084
Amortization	**9,510**	15,683
	883,272	967,776
Other expenses		
Share-based compensation – stock options	**386,540**	1,204,104
Share-based compensation – deferred share units	**110,935**	189,354
Share-based compensation – restricted share units	**152,367**	216,973
(Gain) / loss on settlement of debt	**-**	48,374
(Gain) / loss on foreign exchange	**(9,952)**	27,136
Interest expense	**25,983**	58,072
Loss before income tax	**1,549,145**	2,711,789
Income tax payable / expense (note 15)	**3,526**	-
Net loss	**1,552,671**	2,711,789
Other comprehensive loss / (income)		
Change in fair value of investment (note 4)	**174,050**	207,368
Exchange difference on translation to presentation currency	**(122,184)**	(101,410)
	$ 51,866	$ 105,958
Total comprehensive loss	**$ 1,604,537**	$ 2,817,747
Loss per share		
Basic and diluted	**$0.02**	$0.04
Weighted average number of common shares outstanding		
Basic and diluted	**77,227,248**	67,190,981

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

Alta Copper Corp. (formerly "Candente Copper Corp.")
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating activities		
Net loss for the year	**$ (1,552,671)**	$ (2,711,789)
Adjustments for:		
Amortization	**9,510**	15,683
Share-based payments – stock options	**386,540**	1,204,104
Share-based payments – deferred share units	**110,935**	189,354
Share-based payments – restricted share units	**152,367**	216,973
Loss on settlement of debt	**-**	48,374
Interest expense	**25,983**	58,072
Unrealised foreign exchange differences	**152,390**	27,136
Changes in non-cash working capital items:		
Accounts receivables	**(4,907)**	12,896
Prepaid expenses	**(72,156)**	(60,097)
Accounts payable and accrued liabilities	**31,179**	257,210
Net cash provided by (used) in operating activities	**$ (855,341)**	$ (742,084)
Investing activities		
Addition to exploration and evaluation assets	**(1,455,092)**	(815,041)
Change in value added taxes paid	**(172,324)**	(79,400)
Net cash used in investing activities	**$ (1,627,416)**	**$ (894,441)**
Financing activities		
Issuance of common shares for cash, net of issuance costs	**5,297,688**	-
Issuance of common shares for exercise of stock options	**-**	303,046
Repayment of short-term loan	**(815,529)**	-
Term loan received	**-**	1,522,654
Principle repayments on lease liability	**(18,774)**	(19,278)
Net cash provided by financing activities	**$ 4,463,385**	**$ 1,806,422**
Net increase/(decrease) in cash	**2,075,139**	169,897
Cash, beginning of year	**341,115**	170,218
Cash, end of year	**$ 2,416,254**	$ 341,115

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

Alta Copper Corp. (formerly "Candente Copper Corp.")
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

				Reserves				
	Number of shares		Share capital	Equity settled employee compensation	Foreign currency	Available for sale assets	Deficit	Total
Balance, December 31, 2021	**66,635,487**	**$**	**88,482,043**	**$ 14,067,031**	**$ (405,004)**	**$ 422,663**	**$ (37,150,084)**	**$ 65,416,649**
Share based payments – stock options	-		-	1,196,077	-	-	-	1,196,077
Share based payments – deferred share units	-		-	187,119	-	-	-	187,119
Share based payments – restricted share units	-		-	227,235	-	-	-	227,235
Common shares issued upon exercising stock options	1,307,500		495,917	(192,511)	-	-	-	303,406
Common shares issued upon exercising RSU's	178,572		36,690	(36,690)	-	-	-	-
Shares issued to settle debts	142,056		102,945	-	-	-	-	102,945
Shares issued for property	25,000		11,394	-	-	-	-	11,394
Change in fair value of investment	-		-	-	-	(207,368)	-	(207,368)
Cumulative translation adjustment	-		-	-	101,410	-	-	101,410
Net loss	-		-	-	-	-	(2,711,789)	(2,711,789)
Balance, December 31, 2022	**68,288,615**	**$**	**89,128,989**	**$ 15,448,261**	**$ (303,594)**	**$ 215,295**	**$ (39,861,873)**	**$ 64,627,078**
Shares issued via private placement, net	12,842,498		5,681,938	-	-	-	-	5,681,938
Shares issued for services	694,444		366,950	-	-	-	-	366,950
Share based payments – stock options	-		-	386,562	-	-	-	386,562
Share based payments – deferred share units	-		-	151,835	-	-	-	151,835
Share based payments – restricted share units	-		-	91,966	-	-	-	91,966
Shares issued upon exercising deferred share units	449,135		202,674	(202,674)	-	-	-	-
Shares issued upon exercising restricted share units	261,781		114,180	(114,180)	-	-	-	-
Shares issued to settle debts	1,616,348		596,017	-	-	-	-	596,017
Shares issued to acquire property	37,500		8,214	-	-	-	-	8,214
Restricted share units – cancelled	-		-	(129,391)	-	-	-	(129,391)
Change in fair value of investment	-		-	-	-	(165,397)	-	(165,397)
Cumulative translation adjustment	-		-	-	122,184	13,271	-	135,455
Net loss	-		-	-	-	-	(1,552,671)	(1,552,671)
Balance, December 31, 2023	**84,190,320**	**$**	**96,098,962**	**$ 15,632,379**	**$ (181,410)**	**$ 63,169**	**$ (41,414,544)**	**$ 70,198,556**

The accompanying notes to the consolidated financial statements are an integral part of these statement

1. Nature of operations and going concern

Alta Copper Corp. and its subsidiaries (the "Company") are engaged in the exploration of its mining properties located in Peru. Its principal property is the Cañariaco Copper Project in the District of Lambayeque. The Company was incorporated on May 1, 1997 under the Business Corporation Act of British Columbia and its principal office is located at Suite 801-1112 West Pender Street, Vancouver British Columbia, V6E 2S1.

The principal subsidiaries of the Company are as follows:

Subsidiary name	Interest held as at December 31, 2023	Functional currency
Cañariaco Copper Peru S.A.C. ("Cañariaco")	100%	US Dollars
Cañariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Cobriza Metals Corp.	100%	CDN Dollars
Cobriza Metals (BVI) Corp.	100%	US Dollars
Cobriza Metals Peru S.A.C.	100%	US Dollars

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the Lima Stock Exchange under the trading symbol "ATCU" and OTCQX Best Market under the symbol "ATCUF".

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the year ended December 31, 2023, the Company incurred a net loss of $1,552,672. As at December 31, 2023, the Company had $41,414,544 in cumulative losses since inception and excess of current assets over current liabilities of $2,397,170, (December, 31, 2022 excess of current liabilities over current assets $1,802,236).

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds. The Company can consider raising additional funds by way of the issuance of securities, sale of a project royalty interest, project streaming arrangement, project joint venture and divestiture of non-core assets. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors are material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

2. Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are presented in United States dollars.

These consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on March 11, 2024.

3. Material accounting policies

a. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the key estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. <u>Exploration and evaluation assets mineral right interests and impairment</u>

Exploration and evaluation assets include the cost of acquiring licenses, exploration and analysis, project administration, drilling, community and social values and environmental health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current, and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the right. Management is required to exercise significant judgment in determining the timing of the determination of the technical feasibility and commercial viability of the mineral resource. The Company considers both external and internal sources of information in assessing whether there are any indicators that mineral properties are impaired.

ii. <u>Going concern</u>

Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

iii. <u>Valuation of share-based payments and warrants</u>

When options and warrants are issued, the Company calculates their estimated fair value using the Black-Scholes valuation model. The Company uses its historical stock prices to determine volatility and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of the options or warrants.

iv. <u>Functional currencies of different subsidiaries of the Company</u>

Different subsidiaries of the Company have different functional currencies, based on the underlying economic conditions of their operations. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Company evaluates among other factors, the location of activities, the currency of main expenditure, sources of financing, risks associated with activities and denomination of currencies of operations of different entities. Specifically, in determination of the functional currencies of Peruvian subsidiaries, the Company based its judgement on the fact that the majority of their operations are denominated in US Dollars and also, it is the currency in which their business risks and exposures are managed, and the performance of their business is measured.

b. Basis of consolidation

Subsidiaries are all entities controlled by the Company. Control is achieved when the Company has power over its investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date that the Company no longer has control. Intercompany transactions, balances and income and expenses on transactions between the Company and its subsidiaries are eliminated on consolidation.

c. Foreign currency translation

The Company has selected the US dollar ("$") as the presentation currency. The US Dollar has been selected as the presentation currency for the Company as (a) the management of the Company manages business risks and exposures, and measures the performance of its businesses in the US Dollar; (b) the US Dollar is widely used as a presentation currency of companies primarily in same industry; and (c) the US Dollar is the most convenient presentation currency for non-Canada users of these Consolidated financial statements.

The functional currency of subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the period end exchange rates. Non-monetary items are measured using historical cost in a foreign currency and are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company is the Canadian dollar ("Cdn"). Items in the statement of loss are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of the parent company are recognized in a separate component of equity.

d. Exploration and evaluation assets

The Company capitalizes all costs, net of any recoveries, of acquiring, exploring and evaluating mineral right interest, until the right to which they relate is placed into production, at which time these deferred costs will be amortized over the estimated useful life of the right upon commissioning the property, or written-off if the right is disposed of, impaired or abandoned.

Management reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights.

An indication of impairment includes but is not limited to expiration of the right to explore, absence of planned or budgeted substantive expenditure in the specific area, and the decision to discontinue exploration activity in a specific area.

e. Equipment

Equipment is recognized at cost less accumulated depreciation. The cost includes expenditures that are directly attributable to the acquisition of the equipment. Where parts (components) of an item of equipment have different useful lives or for which different amortization rates are appropriate, they are accounted for as separate items of equipment. Estimates of residual values, methods and useful lives of all assets are assessed annually.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Asset class	Declining balance rates
Equipment	20% to 30%
Vehicles	30%

Leasehold improvements are recorded at cost net of recoveries and amortized on a straight-line basis over the term of the lease agreement.

f. Cash

Cash in the statement of financial position is comprised of cash at banks and on hand.

g. Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its cash at FVTPL, investment at FVOCI and receivables, trade payables and lease liability at amortized cost.

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

h. Income taxes

Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred taxation

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

i. Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services provided by non-employees, the share-based payment is measured at the fair value of the goods and services received. Where the consideration cannot be specifically identified, the transaction is measured at the fair value of the equity instruments.

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instrument on the grant date.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense, recognized for equity-settled transactions at each reporting date until the vesting date, reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

j. Deferred share units

The Company has established a deferred share plan under which deferred share units are granted to non-executive directors of the Company as part of long-term incentive compensation. Deferred share units are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares at the grant date and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

k. Restricted share units

The Company has established a restricted share plan under which restricted share units are granted to eligible directors, employees and contractors of the Company. The restricted share units are considered equity-settled and are measured using the quoted market price of the Company's common shares at the grant date and recognized as share-based compensation over the vesting period, with a corresponding amount recognized as equity.

l. Provisions

Provisions (including those for environmental restoration and restructuring costs) are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures that are expected to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Rehabilitation and environmental costs

An obligation to incur rehabilitation and environmental costs occurs when an environmental disturbance is caused through the Company's work at its exploration and evaluation assets. Costs are estimated on the basis of a formal closure plan and are subject to regular review. As of December 31, 2023, the Company has recognized a provision of $Nil (December 31, 2022: $Nil).

m. Impairment

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognized in the statement of comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease. Where an impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset (or cash-generating unit) in prior years.

n. Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units.

The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as reserves.

o. Loss per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

The Company has incurred losses since its inception and, therefore, basic loss per share has been equal to fully diluted loss per share as these impacts would be anti-dilutive.

p. Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

r. New and revised standards and interpretations

The following accounting standards and amendments are effective for future periods.

Changes in accounting policies – new accounting standards

The Company has applied for the first time the following amendments:

Amendments to IAS 12 deferred tax related to assets and liabilities arising from a single transaction.

This amendment requires the Company to recognize deferred tax assets and liabilities gross in relation to their leases which were previously these were recognized net. There is no impact on the amounts disclosed on the balance sheet as the amounts continue to be offset in accordance with the requirements of IAS 12, however in note 25 the amounts have been presented gross. The prior period disclosures have also been amended consistent with the transitional provisions in the amendment.

Amendments to IAS 12 international tax reform – Pillar two model rules.

This amendment permits the Company to not recognize deferred tax assets and liabilities related to the Pillar Two tax reforms. Due to the uncertain nature of the tax reforms, the Company cannot quantify the impact that this has had on the amount of deferred tax assets and liabilities not recognized on the balance sheet in the current period. No amounts were recognized in the prior period in relation to the Pillar Two Model Rules, to which this amendment would apply.

Amendments to IAS 1 – Classification of liabilities as current or non-current and amendments to IAS 1 – non-current liabilities with covenants.

These amendments together impact the classification of liabilities with covenants and any convertible notes that the Company issues with liability classified conversion features. It may impact the classification of some of the Company's debts and will require additional disclosure about the effect of the covenants on the Company.

The Company is still currently assessing the impact of these amendments. They are effective for the 2024 Financial Statements.

Amendments to IAS 7 and IFRS 7 supplier financing arrangements.

This amendment will have no impact on the amounts recognized in the financial statements but will require additional disclosures to be provided around the Company's use of supplier financing arrangements.

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These amendments are effective for reporting periods beginning on or after January 1, 2024

4. Investment

As at December 31, 2023, the Company held 5,536,373 (December 31, 2022 - 5,536,373) shares of Xali Gold Corp. ("Xali Gold"), a company with a related officer and director. The closing share price was Cdn$0.040 (December 31, 2022 - Cdn$0.080) and the fair value of the Company's investment in Xali Gold is $167,439 (December 31, 2022 - $327,000). During the year ended December 31, 2023, the Company recognized an unrealized loss on investments of $174,050, (2022, gain - $207,368) that was included in other comprehensive loss.

5. Right-of-use asset and lease liability

The right-of-use asset consists of a lease for office space.

Balance, December 31, 2021	**$**	**58,971**
Depreciation		(15,683)
Foreign exchange movements		(3,146)
Balance, December 31, 2022	**$**	**40,142**
Depreciation		(40,792)
Foreign exchange movements		650
Balance, December 31, 2023	**$**	**-**

The lease liability was measured at the present value of the remaining lease payments and discounted using the Company's estimated incremental borrowing rate of 8% per annum.

As at December 31, 2023 the Company's lease liability is as follows:

Balance, December 31, 2021	**$**	**63,924**
Interest		4,482
Lease payments		(18,638)
Foreign exchange movements		(3,541)
Balance, December 31, 2022	**$**	**46,227**
Interest		3,155
Lease adjustment		(31,399)
Lease payments		(18,773)
Foreign exchange movements		790
Balance, December 31, 2023	**$**	**-**

Allocated as:		**As at December 31, 2023**		**As at December 31, 2022**
Current	$	-	$	14,882
Long-term		-		31,345
	$	**-**	$	46,227

(Expressed in United States Dollars, Unless Otherwise Stated)

6. Exploration and Evaluation Assets

Cañariaco Property, Lambayeque, Peru		**Balance as at January 1, 2023**		**Additions / (Disposals)**		**Balance as at December 31, 2023**
Exploration and evaluation costs:						
Drilling	$	9,934,298	$	87,516	$	10,021,814
Environment, health and safety		1,677,395		96,905		1,774,300
General exploration and development		10,433,313		314,384		10,747,697
Engineering studies		11,150,729		245,729		11,396,458
Field support including project management		23,287,414		326,451		23,613,865
Total exploration and evaluation costs		**56,483,149**		**1,070,985**		**57,554,134**
Mineral and surface access rights		2,319,250		118,282		2,437,532
Community relations and social initiatives		5,011,251		284,812		5,296,063
		63,813,650		**1,474,079**		**65,287,727**
Option and royalty payments received		(505,921)		-		(505,921)
	$	**63,307,729**	$	**1,474,079**	$	**64,781,808**
Cobriza Metals Peruvian properties						
Exploration and evaluation costs:						
Drilling		359,350		-		359,350
Environment, health and safety		42,288		-		42,288
General exploration and development		706,826		2,159		708,985
Engineering studies		1,087		-		1,087
Field support including project management		63,429		8,709		72,138
Cost recoveries		(112,412)		-		(112,412)
Total exploration and evaluation costs		**1,060,568**		**10,868**		**1,071,436**
Mineral and surface access rights	$	511,607	$	48,940	$	560,547
Community relations and social initiatives		40,000		-		40,000
		1,612,175		**59,808**		**1,671,983**
Option and royalty payments received		(350,000)		-		(350,000)
Impairment of exploration and evaluation assets		(466,359)		-		(466,359)
	$	**795,816**	$	**59,808**	$	**855,624**
Total exploration and evaluation assets before value-added tax credit	**$**	**64,103,545**	**$**	**1,533,887**	**$**	**65,637,432**
Value-added tax credit (See Note 1)		**1,878,700**		**92,924**		**1,971,624**
Total exploration and evaluation assets	**$**	**65,982,245**	**$**	**1,626,811**	**$**	**67,609,056**

Note 1:Expenses incurred in Peru, including exploration expenses, are subject to Peruvian Value Added Tax ("VAT"). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

(Expressed in United States Dollars, Unless Otherwise Stated)

Cañariaco Property, Lambayeque, Peru		**Balance as at January 1, 2022**		**Additions / (Disposals)**		**Balance as at December 31, 2022**
Exploration and evaluation costs:						
Drilling	$	9,858,863	$	75,435	$	9,934,298
Environment, health and safety		1,593,436		83,959		1,677,395
General exploration and development		10,181,567		251,746		10,433,313
Engineering studies		11,057,304		93,425		11,150,729
Field support including project management		23,261,881		25,533		23,287,414
Total exploration and evaluation costs		**55,953,051**		**530,098**		**56,483,149**
Mineral and surface access rights		2,214,083		105,167		2,319,250
Community relations and social initiatives		4,892,624		118,627		5,011,251
		63,059,758		**753,892**		**63,813,650**
Option and royalty payments received		(505,921)		-		(505,921)
	$	**62,553,837**	$	**753,892**	$	**63,307,729**
Cobriza Metals Peruvian properties						
Exploration and evaluation costs:						
Drilling	$	358,297	$	1,053	$	359,350
Environment, health and safety		42,288		-		42,288
General exploration and development		706,826		-		706,826
Engineering studies		1,087		-		1,087
Field support including project management		52,309		11,120		63,429
Cost recoveries		(105,839)		(6,573)		(112,412)
Total exploration and evaluation costs		**1,054,968**		**5,600**		**1,060,568**
Mineral and surface access rights		453,490		58,117		511,607
Community relations and social initiatives		40,000		-		40,000
		1,548,458		**63,717**		**1,612,175**
Option and royalty payments received		(350,000)		-		(350,000)
Impairment of exploration and evaluation assets		(466,359)		-		(466,359)
	$	**732,099**	$	**63,717**	$	**795,816**
Total exploration and evaluation assets value-added tax credit	**$**	**63,285,936**	**$**	**817,609**	**$**	**64,103,545**
Value-added tax credit(See Note 1)		**1,799,976**		**78,724**		**1,878,700**
Total exploration and evaluation assets	**$**	**65,085,912**	**$**	**896,333**	**$**	**65,982,245**

Note 1:Expenses incurred in Peru, including exploration expenses, are subject to Peruvian Value Added Tax ("VAT"). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

The Company has 100% interest in the (Don Gregorio) property which is a copper-gold porphyry target located in northern Peru 140 km NNE of Chiclayo in the department of Cajamarca. The property consists of one mineral claim totaling 900 hectares. The property is located approximately 40 km north of Alta Copper`s Cañariaco Norte Project. The Don Gregorio property is one of the projects held by Cobriza Metals Peru S.A.C. ("Cobriza").

The Company entered into an Option Agreement on the Don Gregorio project with Forte Copper in 2017. In November 2020, the two companies entered into an Assignment Agreement which allows Forte Copper to move ahead with applications for drilling permits.

Under the Assignment and Option Agreements, Forte Copper has the right to earn a 60% interest in the Don Gregorio property by completing the following terms:

- Making payments of $500,000 to Alta Copper; and
- Drilling 10,000 metres within three years of receiving drilling permits of which 5,000 metres must be drilled within two years; Forte Copper may pay $100/metre cash in lieu of metres not drilled.

The term of the Assignment Agreement is for 5 years; if the 10,000 metres have not been drilled (including cash paid in lieu) by November 2025, then the property must be returned to Alta Copper.

To date, the Company has received payments totalling: $100,000 and reimbursements for fees for annual mineral rights totalling $120,077.

Acquisition of Canyon Creek copper project:

On May 26, 2021 the Company announced it has entered into an option agreement to acquire up to 100% interest in the Canyon Creek copper project in northwestern British Columbia ("BC"), Canada.

Terms of the agreement

The Company has entered into a legally binding Letter of Intent ("LOI") with property owner Chris Baldys. The LOI provides for the following:

Acquiring 100% interest in the property (subject to royalty) by:

- Issuing a total of 250,000 shares over 5 years (by November 30, 2025).
- Funding exploration activities to keep the claims in good standing until December 2027 (approximately Cdn$45,000 per year).

Of the above the following is a Firm Commitment:

- Issue 12,500 shares within 14 days of signing and receiving TSX approval (issued);
- Issue an additional 12,500 shares by November 30, 2021 (issued);
- Issue an additional 25,000 shares by November 30, 2022 (issued);
- Issue an additional 37,500 shares by November 30, 2023 (issued); and
- Funding exploration activities totaling a minimum of Cdn$42,000 by December 31, 2021. (completed).

Royalty:

The vendor will be granted a royalty equal to 1.5% of net smelter returns. The Company has the right to buy-back the first 0.5% for Cdn$500,000 and the second 0.5% for an additional Cdn$1.5M.

(Expressed in United States Dollars, Unless Otherwise Stated)

7. Equipment

Cost		**Total**
Balance, December 31, 2021	**$**	**645,890**
Additions		-
Balance, December 31, 2022	**$**	**645,890**
Additions		-
Balance, December 31, 2023	**$**	**645,890**

Accumulated Depreciation		**Total**
Balance, December 31, 2021	**$**	**(590,035)**
Charge for the year		(42,350)
Balance, December 31, 2022	**$**	**(632,385)**
Charge for the year		(4,885)
Balance, December 31, 2023	**$**	**(637,270)**

Carrying value		**Total**
Balance, December 31, 2021	$	55,855
Balance, December 31, 2022	$	13,505
Balance, December 31, 2023	**$**	**8,620**

8. Trade payables and accrued liabilities

		As at December 31, 2023		**As at December 31, 2022**
Trade payables	**$**	**97,569**	$	433,748
Due to related parties		**72,510**		211,287
Accrued liabilities		**103,928**		43,713
	$	**274,007**	$	688,748

9. Loans payable

On April 29, 2022, the Company received a bridge loan in the aggregate principal amount of Cdn$1 million from an arm's length individual investor for a 12-month term at 10% to be repaid on maturity. The loan along with the interest was repaid upon maturity.

On September 22, 2022 Nascent Exploration Pty Ltd, a wholly-owned subsidiary of Fortescue Ltd. (collectively "Fortescue"). provided a loan of Cdn$1 million for a 12-month term at 10 per cent interest. On February 2, 2023 the Company closed a private placement with Fortescue for Cdn$4,000,000, of which Cdn$3,000,000 will be used for further development of the Company's advanced-stage Cañariaco copper project. The remaining Cdn$1,000,000 was used to offset the principal amount of the loan advanced and Fortescue agreed to waive all interest that had accrued (Note 9 (b)).

On April 29, 2020, the Company received a loan for gross proceeds of $30,243 (Cdn$40,000) under the Canada Emergency Business Account ("CEBA") as part of the Canadian government funded COVID-19 financial assistance programs. The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

(Expressed in United States Dollars, Unless Otherwise Stated)

On January 12, 2022 the government announced that the repayment deadline for the Canadian Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness has been extended from December 31, 2022 to January 18, 2024, for all eligible borrowers in good standing.

10. Share capital and reserves

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2023, the Company had 84,190,320 (2022 – 68,288,615) common shares issued and outstanding (note 14).

On May 19, 2023, the Company effected a consolidation of its capital on the basis of four (4) existing common shares for one (1) new common share. All shares, options, deferred share units and restricted share units and per share amounts were adjusted to reflect the consolidation ratio.

Balance, December 31, 2022	**68,288,615**
Issued	15,901,705
Balance, December 31, 2023	**84,190,320**

The Company issued 12,842,498 Common Shares to Fortescue pursuant to the closing of a private placement for gross proceeds of Cdn$7,752,591.

A further 694,444 Common Shares were also issued for services with a fair value of Cdn$500,000.

The Company issued 449,135 shares pursuant to the settlement of DSU's and a further 261,781 shares were issued pursuant to the settlement of RSU's.

Payments were made to various vendors in order to settle outstanding balances by issuing 1,616,348 shares.

The Company issued 37,500 Common Shares in accordance with the Canyon Creek option agreement.

c) Stock options

The purpose of the Company's stock option plan is to provide incentives to Directors, Officers, employees and consultants of the Company. The maximum number of common shares reserved for issuance upon exercise of the options is 10% of issued and outstanding shares. The Board of Directors may designate the recipients of options and determine the number of common shares covered by each option, its exercise price (which may not be less than closing market price of the common shares on the trading day prior to the grant) and its expiry date. The term of the options shall not exceed five years from the date of grant.

Option pricing models require the input of highly subjective assumptions as noted above. Changes in the subjective input assumptions can materially affect the fair value estimate.

(Expressed in United States Dollars, Unless Otherwise Stated)

The following table reflects the continuity of stock options for the years ended December 31, 2023 and 2022:

	Number of Stock Options		Weighted Average Exercise price
Balance, December 31, 2021	**3,812,500**	**$**	**0.32**
Issued	2,418,750		0.80
Exercised	(1,307,500)		(0.24)
Cancelled	(42,500)		(0.20)
Balance, December 31, 2022	**4,881,250**	**$**	**0.55**
Issued	1,460,000		0.53
Cancelled	(881,250)		(0.59)
Balance, December 31, 2023	**5,460,000**	**$**	**0.54**

Fair value at grant date of the stock options was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The weighted-average assumptions used for the Black-Scholes option-pricing model of stock options granted during the period are as follows:

	As at December 31, 2023	As at December 31, 2022
Risk-free interest rate	**4.04%**	2.35%
Expected life of options	**5 years**	5 years
Annualized volatility	**109.80%**	106.39%
Dividend rate	**Nil**	Nil

The following table reflects the actual stock options issued and outstanding as at December 31, 2023:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
March 31, 2024	0.28	0.25	225,000	225,000
July 19, 2024	0.20	0.55	487,500	487,500
January 27, 2025	0.20	1.08	687,500	687,500
June 17, 2025	0.24	1.46	100,000	100,000
May 7, 2026	0.60	2.35	187,500	187,500
October 13, 2026	0.52	2.79	50,000	50,000
November 10, 2026	0.72	2.86	250,000	250,000
January 17, 2027	0.92	3.05	937,500	937,500
June 15, 2027	0.60	3.46	800,000	800,000
July 18, 2027	0.60	3.55	275,000	275,000
September 18, 2028	0.53	4.72	1,460,000	1,460,000
	0.54	**2.93**	**5,460,000**	**5,460,000**

(Expressed in United States Dollars, Unless Otherwise Stated)

d) Warrants

As at December 31, 2023 and December 31, 2022 the Company had no outstanding warrants.

e) Reserves

Equity settled employee compensation and warrants reserve:

The equity settled employee compensation and warrants reserve comprises stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Foreign currency reserve:

The foreign currency reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

Available for sale assets:

During the year ended December 31, 2023, the Company recognized an unrealized loss on investments of $165,397 (2022 – $307,000) that was included in other comprehensive loss. (Note 3).

f) Deferred share units ("DSU's")

The Company has a DSU plan for non-executive directors of the Company. Under the terms of the plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU plan, one common share in the Company, an equivalent cash payment or a combination thereof at the discretion of the Company. Shares eligible for issuance under the DSU plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date.

Balance, December 31, 2021	**493,891**
Granted	366,106
Balance, December 31, 2022	**859,997**
Settled	(449,135)
Granted	409,787
Balance, December 31, 2023	**820,649**

g) Restricted share units ("RSU's")

The Company has an RSU plan for officers and employees of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU plan, one common share in the Company, an equivalent cash payment or a combination thereof, at the discretion of the Company. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 5,000,000 common shares for issuance under the RSU plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

RSUs are measured at fair value on the date of grant based on the five-day volume weighted average price at the common shares immediately preceding the grant date and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

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Balance, December 31, 2021	**234,895**
Granted	507,904
Settled	(178,572)
Balance, December 31, 2022	**564,227**
Granted	198,233
Cancelled	(265,027)
Settled	(261,781)
Balance, December 31, 2023	**235,652**

11. Commitments

Community engagement and initiatives

On July 8, 2012, the Company signed a land use agreement with the community of San Juan de Cañaris, by which the community authorized the Company to use the land for exploration purposes. The Company has committed 1,500,000 soles ($550,000) to fund sustainable development programs subject to specific project approval by a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010).

The Company has ratified its commitment to contribute 750,000 soles for the development of sustainable projects in the area. These projects are to be managed by a committee made up of community members, Cañariaco Copper team and the Lambayeque Chamber of Commerce.

The Company also committed to issue 250,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

12. Related party transactions

Key management consists of the Company's directors, executive officers and senior management. Compensation includes amounts paid to these individuals and companies they control.

	Years Ended	
	December 31, 2023	**December 31, 2022**
Salaries and benefits	**$ 284,485**	$ 88,789
Share based compensation	**638,455**	1,519,507
	$ 922,940	**$ 1,608,296**

Included in salaries and fees is $246,678 (2022 - $62,017) which was capitalized to exploration and evaluation assets.

During the year ended December 31, 2023, the Company granted 409,788 DSUs (2022 – 366,106) in consideration for directors' fees.

During the year ended December 31, 2023, the Company granted 198,233 RSUs (2022 – 507,904) in consideration for management fees. The Company subsequently cancelled 261,781 RSU's (2022 – nil).

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The amounts due to related parties included in trade payables and accrued liabilities are due to directors and officers of the Company (Note 8). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The outstanding balances with related parties were as follows:

		As at December 31, 2023		As at December 31, 2022
Trade payables and accrued liabilities	**$**	**72,510**	$	**211,287**
Loans payable		**-**		**738,300**
	$	**72,510**	**$**	**949,587**

13. Segmental information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company.

For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates performance of each segment based on net profit (loss).

The Company operates in one segment being the exploration of mineral properties in Peru. The Company operates in two geographical areas, being Peru and Canada, most of the Company's non-current assets are located in Peru.

14. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecasted liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables, which are either past due or due within the next 12 months and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

The following table details the Company's contractual maturities for its financial liabilities as at December 31, 2023 and 2022, due by period:

As at December 31, 2023		**Carrying amount**	**Contractual Cashflows**	**0 to 12 month**	**More than 12 month**
Accounts payable and accrued liabilities	**$**	**274,007**	**274,007**	**274,007**	**-**
Loans payable		**30,243**	**30,243**	**-**	**30,243**
Lease liability		**-**	**-**	**-**	**-**
		304,250	**304,250**	**274,007**	**30,243**

(Expressed in United States Dollars, Unless Otherwise Stated)

As at December 31, 2022		Carrying amount	Contractual Cashflows	0 to 12 month	More than 12 month
Accounts payable and accrued liabilities	$	688,748	688,748	688,748	-
Loans payable		1,557,509	1,643,887	1,527,977	29,532
Lease liability		46,227	69,866	25,340	44,256
		2,292,484	2,402,501	2,242,065	73,788

Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currencies of the Company's subsidiaries are the United States and Canadian dollars and certain of the subsidiaries' transactions are denominated in Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered moderate.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Cash is deposited in highly rated corporations and the credit risk associated with these deposits is low. As at December 31, 2023 and 2022, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Capital management

The Company's capital structure is comprised of the components of equity. The Company's objectives when managing its capital structure is to maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to safeguard a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

Fair value hierarchy

The consolidated statements of financial position carrying amounts for cash, receivables, trade payables, payables to related parties and loans payable approximate fair value.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset

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or liability that are not based on observable market data (unobservable inputs).

Investments fall under Level 1.

There were no transfers between levels during the period.

15. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2023	December 31, 2022
Loss before income taxes	$ (1,549,145)	$ (2,711,789)
Applicable income tax rate	27.0%	27.0%
Estimated recovery of income taxes	(418,269)	(732,183)
Non-deductible expenditures	251,378	617,901
Foreign exchange on foreign operations	26,609	78,664
True up of tax provision from prior year	191,616	(1,044,774)
Tax effect of tax losses and temporary differences not recognized and other	(54,860)	1,080,392
Income tax expense	**$ 3,526**	**$ -**

The Canadian combined federal corporate tax rate and British Columbia provincial tax rate is 27.0% for 2023 and 2022. Peruvian income tax rates are 29.5% for 2023 and 2022.

The components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred tax asset:		
Non-capital losses net of valuation allowance	$ 7,527,628	$ 7,364,201
Deferred tax liability:		
Mineral properties	(7,527,628)	(7,364,201)
Net deferred tax	**$ -**	**$ -**

The components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Net capital losses	$ 31,278,521	$ 27,331,778
Capital losses	4,815,119	6,382,319
Share issue costs	40,737	146,270
Unrealised loss on investment	713,253	2,641,678
Total deductible temporary differences	**$ 36,847,630**	**$ 36,502,045**

As at December 31, 2023, the Company has non-capital operating losses of approximately $17.8 million (2022 - $18.3 million), subject to certain restrictions, for deduction against future taxable income in Canada. The operating losses expire from 2026 through to 2041.

The Company also had net operating loss carry-forwards for tax purposes of approximately $14.4 million (2022 - $14.0 million), subject to certain restrictions, for deduction against future taxable income in Peru. The Company has the option to carry forward all net operating losses for four years, or carry the losses forward indefinitely, but only up to 50% of the Company's taxable income of each subsequent year.