

# **LOS ANDES COPPER LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended December 31, 2024 and 2023**

**(Unaudited - Expressed in Canadian dollars)**

# **LOS ANDES COPPER LTD.**

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2024 \$	September 30, 2024 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		28,888,970	29,317,948
Receivables		508,780	207,955
Prepaid expenses and deposits		187,656	192,785
		29,585,406	29,718,688
<b>Non-Current Assets</b>			
Property, plant and equipment		184,669	187,519
Mineral right interests	5	69,227,078	69,762,330
Hydro-electric project water rights	5	8,250,000	8,250,000
		77,661,747	78,199,849
<b>Total Assets</b>		107,247,153	107,918,537
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade payables and other liabilities	8	583,239	640,755
Lease liability short-term	11	66,350	96,311
Interest payable on convertible debenture	6	136,873	124,257
		786,462	861,323
<b>Non-Current Liabilities</b>			
Convertible debentures	6	15,879,847	14,513,399
Derivative liability – convertible debenture conversion feature	6	1,055,159	1,147,655
	7(e),		
DSU liability	8	898,436	947,231
Deferred income tax		3,849,386	3,849,386
		21,682,828	20,457,671
<b>Total Liabilities</b>		22,469,290	21,318,994
<b>Shareholders' Equity</b>			
Share capital	7	123,427,446	123,427,446
Reserve	7	5,726,347	5,713,944
Deficit		(33,226,137)	(32,895,718)
Accumulated other comprehensive loss		(11,149,793)	(9,646,129)
<b>Total Equity</b>		84,777,863	86,599,543
<b>Total Liabilities and Shareholders' Equity</b>		107,247,153	107,918,537

Nature of operation and continuance of business (Note 1)  
Subsequent event (Note 13)

Approved by the Board of Directors on February 27, 2025:

*"Frank O'Kelly"*

Director

*"Francisco Covarrubias"*

Director

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

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the Three Months Ended December 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

	Note	2024	2023
		\$	\$
<b>Expenses</b>			
Consulting, salaries, management and directors' fees	8	214,143	200,932
Depreciation	11	36,123	41,343
Interest	6,11,12	397,355	386,964
Accretion	6	399,065	318,151
Office and administration		112,655	86,798
Professional fees	8,12	44,693	74,166
Shareholder communications		74,658	104,326
Share-based compensation	7, 8	12,403	72,751
Transfer agent, filing and regulatory fees		15,441	13,715
		1,306,536	1,299,146
<b>Hydro-electric project</b>			
Professional fees		1,331	1,336
		1,331	1,336
<b>Loss before other items</b>		(1,307,867)	(1,300,482)
<b>Other items</b>			
Foreign exchange gain (loss)		458,549	(314,384)
Change in fair value of derivative liability	6	92,496	465,156
Change in fair value of DSU liability	7(e)	108,479	7,147
Interest income		317,924	359,674
		977,448	517,593
<b>Net loss</b>		<b>(330,419)</b>	<b>(782,889)</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified to profit or loss:			
Current translation adjustment		(1,503,664)	(549,253)
<b>Total comprehensive loss for the period</b>		<b>(1,834,083)</b>	<b>(1,332,142)</b>
<b>Loss per share, basic and diluted</b>		<b>(0.01)</b>	<b>(0.03)</b>
<b>Weighted average number of shares outstanding, basic and diluted</b>		<b>29,535,974</b>	<b>29,517,862</b>

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

# LOS ANDES COPPER LTD.

Condensed Interim Consolidated Statements of Changes in Equity  
For the Three Months Ended December 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

	Common Shares	Share Capital	Equity reserve <sup>1</sup>	Accumulated other comprehensive loss	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, September 30, 2023</b>	<b>29,532,893</b>	<b>123,440,339</b>	<b>5,582,702</b>	<b>(8,999,238)</b>	<b>(38,267,869)</b>	<b>81,755,934</b>
Shares issued pursuant to interest payment	12,365	123,650	-	-	-	123,650
Conversion of performance shares to DSUs	(55,988)	(571,180)	72,751	-	-	(498,429)
Net loss and comprehensive income	-	-	-	(549,253)	(782,889)	(1,332,142)
<b>Balance, December 31, 2023</b>	<b>29,489,270</b>	<b>122,992,809</b>	<b>5,655,453</b>	<b>(9,548,491)</b>	<b>(39,050,758)</b>	<b>80,049,013</b>
Shares issued pursuant to interest payment	42,835	424,181	-	-	-	424,181
Option exercise	3,869	10,456	(10,456)	-	-	-
Share-based compensation	-	-	68,947	-	-	68,947
Net income (loss) and comprehensive loss	-	-	-	(97,638)	6,155,040	6,057,402
<b>Balance, September 30, 2024</b>	<b>29,535,974</b>	<b>123,427,446</b>	<b>5,713,944</b>	<b>(9,646,129)</b>	<b>(32,895,718)</b>	<b>86,599,543</b>
Share-based compensation	-	-	12,403	-	-	12,403
Net income (loss) and comprehensive loss	-	-	-	(1,503,664)	(330,419)	(1,834,083)
<b>Balance, December 31, 2024</b>	<b>29,535,974</b>	<b>123,427,446</b>	<b>5,726,347</b>	<b>(11,149,793)</b>	<b>(33,226,137)</b>	<b>84,777,863</b>

<sup>1</sup> Reserve consists of fair values of stock options, performance shares and finder's warrants

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

**LOS ANDES COPPER LTD.**

Condensed Interim Consolidated Statements of Cash Flows  
For the Three Months Ended December 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net income (loss)	(330,419)	(782,889)
Items not affecting cash:		
Accretion	399,065	318,151
Depreciation	36,123	41,343
Change in fair value of derivative liability	(92,496)	(465,156)
Change in fair value of DSU liability	(108,479)	(7,147)
Interest expense	407,366	364,835
Share-based compensation	12,403	72,751
Management and director fees settled in DSUs	59,684	37,490
Changes in non-cash working capital items:		
Prepaid expenses and deposits	5,129	(19,520)
Receivables	(300,825)	(323,394)
Trade payables and other liabilities	(80,460)	(246,913)
<b>Net cash provided by (used in) operating activities</b>	<b>7,091</b>	<b>(1,010,449)</b>
<b>Investing activity</b>		
Mineral right interests	(1,095,727)	(1,438,513)
<b>Net cash (used in) / provided by investing activities</b>	<b>(1,095,727)</b>	<b>(1,438,513)</b>
<b>Financing activities</b>		
Repayment of lease liability	(29,961)	(32,531)
Interest on convertible debentures - cash	(392,109)	(237,055)
<b>Net cash (used in) / provided by financing activities</b>	<b>(422,070)</b>	<b>(269,586)</b>
<b>Change in cash for the period</b>	<b>(1,510,706)</b>	<b>(2,718,548)</b>
<b>Effect of exchange rate changes on cash</b>	<b>1,081,728</b>	<b>(132,353)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>29,317,948</b>	<b>34,545,860</b>
<b>Cash and cash equivalents, end of period</b>	<b>28,888,970</b>	<b>31,694,959</b>

See Note 10 for supplemental cash flow information.

## **LOS ANDES COPPER LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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### **1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS**

Los Andes Copper Ltd. ("Los Andes") is involved in the acquisition, exploration and development of advanced copper deposits in Latin America, including holding a 100% interest in the Vizcachitas copper project in Chile.

Los Andes was incorporated under the Business Corporations Act (British Columbia) in 1983 and is listed on the TSX Venture Exchange ("TSX-V") under the symbol "LA". Its principal office is located at Suite 1100-1199 West Hastings Street, Vancouver, B.C. V6E 3T5, Canada.

These condensed interim consolidated financial statements include the accounts of Los Andes and of its controlled subsidiaries (collectively, the "Company"): Vizcachitas Limited, Compañía Minera Vizcachitas Holding ("CMVH"), Sociedad Legal Minera San José Uno de Lo Vicuña El Tártaro y Piguchén de Putaendo ("San José SLM"), Gemma Properties Group Limited, Inversiones Los Patos S.A, DK Corporation, Rocín SPA, Hidroeléctrica de Pasada Rio Rocín SPA and Sociedad Los Juncos de la Unión SPA.

At the date of these condensed interim consolidated financial statements the Company has not yet determined whether any of its mineral right interests contain mineral reserves that are economically recoverable. Accordingly, the carrying amount of its mineral right interests represents the cumulative acquisition costs and exploration expenditures incurred to date, which does not necessarily reflect present or future values. The recovery of these costs is dependent on the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to undertake continuing exploration and development, and to resolve any environmental, regulatory or other constraints.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Notwithstanding the above, the Company's business activities are in the development stage, the Company has a history of recurring losses and no source of revenue or operating cash flow. Operations in recent years have been funded from the issuance of share capital and cash on hand. Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to continue to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's assets could be subject to material adjustments.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2025 and have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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Notes to the Condensed Interim Consolidated Financial Statements  
For the Three Months Ended December 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended September 30, 2024.

These condensed interim consolidated financial statements have been prepared on an accrued basis and are based on the historical cost basis and modified where applicable.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual consolidated financial statements and notes for the year ended September 30, 2024.

### **4. THE VIZCACHITAS PROPERTY**

In 2007, the Company acquired all of the issued and outstanding shares of Vizcachitas Limited which, at the time, owned a majority of the claims making up the Vizcachitas Property. Vizcachitas Limited owned 51% of the shares of San José SLM which owned the San José mining concessions (the "SJ Concession") and an additional 35 mining rights and concessions (the "Initial Properties") that comprised part of the Vizcachitas Property. In 2010, the Company completed the consolidation of the Vizcachitas Property through the acquisition from Turnbrook Corporation of all of the issued and outstanding securities of Gemma Properties Group Limited ("Gemma"), who indirectly owned 49% of the issued and outstanding shares of the San Jose SLM. With this transaction, the entire resource contained in the Vizcachitas Property came under unified ownership.

At December 31, 2024, the Company owns 52 exploitation mining concessions covering 10,771 hectares and 178 exploration claims covering a combined total of 44,940 hectares (including the Initial Properties). The Company is subject to Net Smelter Returns ("NSR") royalty payments calculated on the basis of a production royalty from mineral produced at the Initial Properties, including the SJ concessions, of 1.125% on any underground production and 2.25% on any surface productions.

#### Royalty Purchase Agreement

On December 3, 2019, the Company entered into a Royalty Purchase Agreement and a Net Smelter Returns Royalty Agreement (the "First Agreements") with RCF VI CAD LLC ("RCF"), a limited liability corporation in the State of Delaware. Pursuant to the First Agreements, the Company received US\$8 million as consideration for future payments calculated on the basis of a production royalty ("Royalty") from minerals produced from the SJ Concession that forms part of the Company's Vizcachitas Property.

The proceeds, net of finder's fees and transaction expenses reimbursed to RCF, were accounted for as a recovery of costs incurred on the Vizcachitas Property.

As long as RCF (or its associates or affiliates) holds all or any part of the Royalty, or holds, directly or indirectly, common shares or securities convertible into common shares representing not less than 10% of the Company's issued and outstanding common shares (on a partially diluted basis), RCF has a right of first offer to provide future royalty or stream financing in relation to new claims that may subsequently form part of the Vizcachitas Property, subject to the terms as described.



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Pursuant to the First Agreements, the Company will make payments to RCF on the basis of an NSR of 0.49% for underground production and 0.98% for open pit production on the SJ Concession. Following this transaction, the overall NSR level of the Initial Properties, including the SJ Concession, covering the mineral resources of the Vizcachitas Property is 1% for underground mining methods and 2% for open pit mining methods.

The obligations of the Company under the First Agreements are guaranteed by the Company's subsidiary Sociedad Legal Minera San Jose Uno De Lo Vicuna, El Tartaro Y Piguchen De Putaendo (the "Guarantor"), with the guarantee being secured by a mortgage and charge over and against mining rights and mineral properties (as defined) and any related proceeds, governed by the laws of Chile and granted by the Guarantor in favour of RCF, subject to existing obligations of the Company and the Guarantor.

On February 9, 2021, Metalla Royalty & Streaming Ltd. (formerly Nova Royalty Corp.) acquired RCF's NSR of 0.49% on underground production and 0.98% for open pit production on the SJ Concession.

### Second Royalty Purchase Agreement

On June 25, 2020, the Company entered into a Royalty Purchase Agreement and a Net Smelter Returns Royalty Agreement (the "Second Agreements") with RCF. Pursuant to the Second Agreements, the Company received US\$9,000,000 as consideration for future payments calculated on the basis of an NSR of 1% for underground production and 2% for open pit production from minerals produced from certain concessions that form part of the Initial Properties ("Royalty 2"). The Company can receive up to an additional US\$5 million in the event that RCF sells Royalty 2 prior to commencement of commercial production of the Vizcachitas Property.

In the event of an RCF sale prior to the commencement of commercial production of the Vizcachitas Project by the Company or an affiliate, RCF will pay a contingent royalty purchase price up to US\$5 million.

In the event that the contingent royalty purchase price is less than US\$5 million, the difference between the contingent royalty purchase price and US\$5 million will be deducted from initial NSR royalty payments until the total contingent purchase price reaches US\$5 million. In the event RCF does not sell the royalty prior to commencement of commercial production, the amount payable of US\$5 million shall be deducted from initial NSR royalty payments.

The right of first offer to provide future royalty or stream financing as described in the First Agreements above applies to Royalty 2.

Pursuant to Royalty 2, the Company will make payments to RCF on the basis of an NSR of 1% from the sale or other disposition of all locatable minerals produced from the properties by underground production and 2% from surface production.

If the mining operations of the Company and its affiliates commence in, or predominantly shift to, a different area of the project than that identified in the June 13, 2019 Preliminary Economic Assessment of the Vizcachitas Project, RCF has the option to:

- sell Royalty 2 to the Company for an amount equal to four times the US\$9 million purchase price less the aggregate amount of royalty payments received by RCF as of the date of the change of production focus; or
- if RCF has not yet received US\$36 million, swap Royalty 2 for a new royalty consistent with the terms of Royalty 2 over the newly proposed development areas at a valuation equal to the valuation of Royalty 2 (having regard to royalty payments made to such date).

The obligations of the Company under the Second Agreements are guaranteed by the Company and its subsidiary, CMVH (the "Guarantors"), with the guarantee being secured by a mortgage and charge over and

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against mining rights and mineral properties (as defined) and any related proceeds, governed by the laws of Chile and granted by CMVH in favour of RCF, subject to existing obligations of the Company and the Guarantor.

### Ecora Royalty Agreement

On August 3, 2023, the Company closed the royalty agreement (the “Ecora Royalty”) with Ecora Resources PLC (“Ecora”) for total cash consideration of US\$20,000,000. The Ecora Royalty is calculated over the sale of all minerals produced from the Company's Vizcachitas Project in Chile. Ecora will receive royalty payments on the basis of an NSR of 0.125% for underground production and 0.25% NSR for open pit production.

The proceeds, net of finder's fees and transaction costs, were accounted for as a recovery of costs incurred on the Vizcachitas Property.

In the event that productions are delayed the NSRs will increase as follows:

- If delays extend beyond June 30, 2030, and up to June 30, 2031, the royalties will increase to 0.05% for underground production and 0.10% for open pit production;
- If delays extend beyond June 30, 2031, and up to June 30, 2032, the royalties will increase, a second time, by an additional 0.05% for underground operations and 0.10% for open pit operations;
- If delays extend beyond June 30, 2032, the royalties will increase, a third time, by an additional 0.05% for underground operations and 0.10% for open pit operations; and
- The Company has the option to avoid the second and third rate increases by paying, at the time each of the rate increases are triggered, an amount equal to US\$15,000,000 or US\$20,000,000 (if copper prices at that time exceed US\$5/lb).

The obligations of the Company under the Ecora Royalty are guaranteed by the Company's subsidiary Sociedad Legal Minera San Jose Uno De Lo Vicuna, El Tartaro Y Piguchen De Putaendo (the “Guarantor2”), with the guarantee being secured by a mortgage and charge over and against mining rights and mineral properties (as defined) and any related proceeds, governed by the laws of Chile and granted by the Guarantor2 in favour of Ecora, subject to existing obligations of the Company and the Guarantor2.

### Franco Nevada Agreement

On July 29, 2024, as part of the Company's continued progression of the Vizcachitas Project and in anticipation of commencement of commercial operations, the current royalty agreement with Franco-Nevada LRC Holdings Corp. (“Franco Nevada”), dated February 8, 2007, was streamlined, simplifying its execution once the Vizcachitas Project begins production. As part of the streamlining, Los Andes received US\$1,020,000. Franco Nevada holds a 51% interest of a 2% open pit Net Smelter Royalty (“NSR”) and 1% underground NSR covering the San Jose core claim of the Vizcachitas Project. It also holds a 2% NSR over the sale of all minerals produced from open pit operations and a 1% NSR on underground operations on certain concessions that form part of the extended Vizcachitas Project and the Company's mining concessions in the area.

As at December 31, 2024, the Company is subject to NSR royalty payments calculated on the basis of a production royalty from minerals produced at the Initial Properties, including the SJ Concession, of 1.125% on any underground production and 2.25% on any surface production.

Proceeds received under the NSR agreements have been credited against the carrying costs of the Company's mineral right interests. See Note 5.

## **5. MINERAL RIGHT INTERESTS / HYDRO-ELECTRIC PROJECT WATER RIGHTS**

The Company has the right to certain exploration concessions and exploitation concessions located in Region V, Chile. Title to mining right interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous

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conveyancing history characteristic of many mining right interests. The Company has investigated title to all of its mineral right interests, and to the best of its knowledge, all of its mineral right interests are in good standing.

	Total costs to September 30, 2023 \$	Costs incurred (recovered) in year ended September 30, 2024 \$	Total costs to September 30, 2024 \$	Costs incurred (recovered) in period ended December 31, 2024 \$	Total costs to December 31, 2024 \$
<b>VIZCACHITAS</b>					
Acquisition costs	54,562,243	-	54,562,243	-	54,562,243
Water rights	5,945,768	-	5,945,768	-	5,945,768
VAT tax credits	4,670,809	417,383	5,088,192	101,222	5,189,414
Deferred exploration					
Automobile and travel	787,795	29,501	817,296	1,027	818,323
Assaying	725,362	-	725,362	-	725,362
Camp rehabilitation, maintenance and security	4,097,900	115,087	4,212,987	22,168	4,235,155
Core handling and storage	32,914	-	32,914	-	32,914
Drilling	12,666,645	104,129	12,770,774	16,950	12,787,724
Equipment and equipment rental	645,576	-	645,576	-	645,576
Exploration administration	13,055,004	2,563,983	15,618,987	644,090	16,263,077
Food and accommodation	385,079	-	385,079	-	385,079
Geological consulting (Note 8)	3,597,553	549,371	4,146,924	119,241	4,266,165
Other	350,101	226,719	576,820	50,483	627,303
Property & surface rights, taxes & tenure fees	2,773,187	495,920	3,269,107	907	3,270,014
Road repairs	111,194	36,174	147,368	28,630	175,998
Studies and other consulting	7,706,768	368,359	8,075,127	115,470	8,190,597
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	910,680	-	910,680	-	910,680
Sustainable development	442,846	52,387	495,233	18,484	513,717
Warehouse Maintenance	64,548	-	64,548	-	64,548
<b>Total deferred exploration</b>	<b>49,622,518</b>	<b>4,541,630</b>	<b>54,164,148</b>	<b>1,017,450</b>	<b>55,181,598</b>
Royalty agreements (Note 4)	(36,685,502)	(1,412,128)	(38,097,630)	-	(38,097,630)
Exchange rate differences	(10,776,406)	(1,123,985)	(11,900,391)	(1,653,924)	(13,554,315)
	<b>67,339,430</b>	<b>2,422,900</b>	<b>69,762,330</b>	<b>(535,252)</b>	<b>69,227,078</b>

Included within mineral right interests are:

- Water rights to a permanent, continuous and consumptive use of 500 liters per second ("lps") flow from the Aconcagua River, located near the Vizcachitas Property;
- VAT tax credits available in Chile, originating from deferred exploration expenses; and
- Hydro-electric Project Water Rights

In 2014, the Company acquired non-consumptive water rights over a section of the Rocin River, Putaendo, Region V, Chile, together with the engineering and other studies and reports for the development of a hydroelectric facility (the "Hydro-electric Facility"). Consideration for the acquisition consisted of 3,750,000,

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### Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

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Los Andes shares, valued at a price of \$2.20 per share, for total consideration of \$8,250,000. The Hydro-electric Facility, once developed, will support commercial operations on the Vizcachitas Property.

## 6. CONVERTIBLE DEBENTURES

On June 1, 2021 (the "Closing Date"), the Company entered into an agreement with Queen's Road Capital Investment Ltd. ("QRC"), whereby QRC invested US\$5,000,000 in the Company by way of convertible debenture (the "First Convertible Debenture"). The First Convertible Debenture has a five-year term, carries an eight percent coupon and is convertible into common shares in the capital of the Company at a price of \$10.82 per share (the "Conversion Price"). The interest is payable quarterly in cash or at the Company's discretion, as low as five percent in cash and three percent in shares, at the 20-day volume weighted average price ("VWAP") prior to the interest payment date. Interest expense of \$143,890 (US \$100,000) (2023: \$137,430) was recognized during the three months ended December 31, 2024 and as at December 31, 2024 \$48,883 (US \$33,973) of interest was payable.

The First Convertible Debenture matures on June 1, 2026. On or after the third anniversary of the Closing Date and prior to the maturity date, the Company may force conversion of the First Convertible Debenture, in whole or in part, at par plus accrued interest provided that the VWAP of the common shares on the TSXV exceeds 130% of the Conversion Price.

As the First Convertible Debenture and the embedded conversion feature are denominated in US dollars and the Company has a Canadian dollar functional currency, they are within the scope of IAS 32 – Financial Instruments: Presentation. The value of the conversion feature is subject to changes in value based on the prevailing exchange rate, resulting in a derivative liability. On initial measurement, the Company fair valued the derivative liability at \$1,991,001 using the Black-Scholes option pricing model, using volatility of 68% and a risk-free interest rate of 0.78%. Transaction costs of \$333,877 were incurred for the First Convertible Debenture and will be amortized over the life of the First Convertible Debenture. The derivative liability is fair valued at each reporting period. On initial measurement, the liability component of the First Convertible Debenture was fair valued at \$4,060,499 and will be amortized to maturity using an effective interest rate of 20.33%.

On April 6, 2022 (the "Second Closing Date"), the Company received a further US\$4,000,000 from QRC by way of convertible debenture (the "Second Convertible Debenture"). The Second Convertible Debenture has a five-year term, carries an eight per cent coupon and is convertible into common shares in the capital of the Company at a price of \$19.67 per share (the "Second Conversion Price"). The interest is payable quarterly, five percent in cash and three percent in shares, at the VWAP prior to the interest payment date. Interest expense of \$115,112 (US \$80,000) (2023: \$109,872) was recognized during the three months ended December 31, 2024 and as at December 31, 2024 \$39,107 (US \$27,178) of interest was payable.

The Second Convertible Debenture matures on April 5, 2027. On or after the third anniversary of the Second Closing Date and prior to the maturity date, the Company may force conversion of the Second Convertible Debenture, in whole or in part, at par plus accrued interest provided that the VWAP of the common shares on the TSXV exceeds 130% of the Second Conversion Price.

On initial measurement, the Company fair valued the derivative liability at \$1,899,034 using the Black-Scholes option pricing model, using volatility of 62% and a risk-free interest rate of 2.48%. Transaction costs of \$221,973 were incurred for the Second Convertible Debenture and will be amortized over the life of the Second Convertible Debenture. The derivative liability is fair valued at each reporting period. On initial measurement, the liability component of the Second Convertible Debenture was fair valued at \$3,123,606 and will be amortized to maturity using an effective interest rate of 22.24%.

On September 2, 2022 (the "Third Closing Date"), the Company received a further US\$5,000,000 from QRC by way of convertible debenture (the "Third Convertible Debenture"). The Third Convertible Debenture has a five-year term, carries an eight per cent coupon and is convertible into common shares in the capital of the

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Company at a price of \$16.75 per share (the "Third Conversion Price"). The interest is payable quarterly, five percent in cash and three percent in shares, at the VWAP prior to the interest payment date. Interest expense of \$143,890 (US \$100,000) (2023: \$136,964) was recognized during the three months ended December 31, 2024. As at December 31, 2024, \$48,883 (US \$33,973) of interest was payable.

The Third Convertible Debenture matures on September 3, 2027. On or after the third anniversary of the Third Closing Date and prior to the maturity date, the Company may force conversion of the Third Convertible Debenture, in whole or in part, at par plus accrued interest provided that the VWAP of the common shares on the TSXV exceeds 130% of the Third Conversion Price.

On initial measurement, the Company fair valued the derivative liability at \$2,556,322 using the Black-Scholes option pricing model, using volatility of 58% and a risk-free interest rate of 3.30%. Transaction costs of \$236,225 were incurred for the Third Convertible Debenture and will be amortized over the life of the Third Convertible Debenture. The derivative liability is fair valued at each reporting period. On initial measurement, the liability component of the Third Convertible Debenture was fair valued at \$4,010,425 and will be amortized to maturity using an effective interest rate of 22.52%.

The net change in the convertible debentures and the derivative liability balances for the three months ended December 31, 2024 and the year ended September 30, 2023, were as follows:

	<b>Convertible debentures \$</b>	<b>Derivative liability \$</b>	<b>Total \$</b>
<b>Balance, September 30, 2023</b>	<b>13,322,274</b>	<b>4,487,827</b>	<b>17,810,101</b>
Change in fair value	-	(3,340,172)	(3,340,172)
Interest and accretion	2,871,472	-	2,871,472
Interest payments	(1,496,531)	-	(1,496,531)
Foreign exchange	(59,559)	-	(59,559)
<b>Balance, September 30, 2024</b>	<b>14,637,656</b>	<b>1,147,655</b>	<b>15,785,311</b>
Change in fair value	-	(92,496)	(92,496)
Interest and accretion	793,779	-	793,779
Interest payments	(402,892)	-	(402,892)
Foreign exchange	988,177	-	988,177
<b>Balance, December 31, 2024</b>	<b>16,016,720</b>	<b>1,055,159</b>	<b>17,071,879</b>

As at December 31, 2024, \$136,873 (2023: \$125,687) of interest related to the convertible debentures is payable and recorded as short-term interest payable. As at December 31, 2024 the principal balance owing on the convertible debentures is US\$14,000,000.

See Note 10 for supplemental cash flow information.

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### 7. EQUITY

#### a) Authorized

Unlimited number of common shares without par value.

#### b) Financings

There were no share transactions during the three months ended December 31, 2024.

During the three months ended December 31, 2023, the Company had the following share transactions:

- i) On December 7, 2023, the Company issued 4,416 common shares, fair valued at \$44,160, pursuant to an interest payment on the First Convertible Debenture, 3,533 common shares fair valued at \$35,330, pursuant to an interest payment on the Second Convertible Debenture and 4,416 common shares fair valued at \$44,160, pursuant to an interest payment on the Third Convertible Debenture (Note 6).

#### c) Equity reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based compensation and share purchase warrants issued on acquisitions of mineral rights.

#### d) Share purchase options

The balance of share purchase options outstanding and exercisable as at December 31, 2024 and September 30, 2024 and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price \$	Weighted Average Life Remaining (years)
<b>Balance, September 30, 2023</b>	<b>89,500</b>	<b>5.00</b>	<b>1.21</b>
Granted	40,000	15.00	2.25
Exercised	(7,500)	5.00	-
Expired	(45,000)	5.00	-
<b>Balance, September 30, 2024</b>	<b>77,000</b>	<b>10.19</b>	<b>1.64</b>
<b>Balance, December 31, 2024</b>	<b>77,000</b>	<b>10.19</b>	<b>1.39</b>
Unvested	(27,700)	15.00	
<b>Vested and exercisable</b>	<b>49,300</b>	<b>7.49</b>	<b>1.05</b>

The Company recorded share-based compensation expense of \$12,403 during the three months ended December 31, 2024 (2023: \$nil) related to the vesting of newly granted options and previously granted options, respectively. The Company recorded share-based compensation expense of \$nil during the three months ended December 31, 2024 (2023: \$72,751) related to the performance shares that were converted to DSUs (Note 7e).

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The options outstanding as at December 31, 2024, are as follows:

<b>Outstanding #</b>	<b>Exercisable #</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
37,000	37,000	5.00	September 24, 2025
40,000	12,300	15.00	December 30, 2026
<b>77,000</b>	<b>49,300</b>	<b>10.19</b>	

**e) Deferred share units**

On May 27, 2021, the Company adopted a deferred share unit ("DSU") plan as an alternative form of compensation for employees, officers, consultants and directors of the Company. Each DSU is comprised of one notional common share that entitles the participant, on termination of services, to receive, at the discretion of the Company, common shares of the Company up to the number of DSUs held or the cash equivalent. In the event the Company decides to settle all or a portion of the DSUs outstanding in cash, the total DSUs owing will be multiplied by the fair market value of one common share of the Company. The fair market value will be determined as the VWAP of the Company's common shares on the valuation date. The maximum number of common shares that are issuable under the DSU plan is 500,000.

As the DSU can be settled in cash or shares, at the discretion of the Company, the liability associated with each DSU grant is recorded as a liability and fair valued at each reporting period.

On February 22, 2024, the Company granted Santiago Montt 45,168 DSUs with an aggregate value of US\$400,000. 22,584 DSUs (the "Y1 Time Lapse DSUs") will vest as follows:

- 50% of the Y1 Time Lapse DSUs vested on August 14, 2024.
- The remaining 50% of the Y1 Time Lapse DSUs will vest on February 14, 2025, subject to the Board being reasonably satisfied with his performance regarding certain performance targets.

During the year ended September 30, 2024, 55,988 performance shares issued to the CEO of the Company were exchanged for an equal number of DSUs, of which 30,485 vested immediately and 25,503 vested on February 14, 2024.

During the three months ended December 31, 2024, 3,002 DSUs were issued to directors and officers of the Company.

As at December 31, 2024, 119,652 DSUs were fully vested. The change in DSUs outstanding for the three months ended December 31, 2024 and for the year ended September 30, 2024 is as follows:

<b>Balance, September 30, 2023</b>	<b>27,289</b>
Granted	113,364
<b>Balance, September 30, 2024</b>	<b>140,653</b>
Granted	3,002
<b>Balance, December 31, 2024</b>	<b>143,655</b>
Unvested	(24,003)
<b>Vested and exercisable, December 31, 2024</b>	<b>119,652</b>

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Following is a summary of the DSUs outstanding at December 31, 2024:

<b>Grant date</b>	<b>Number of DSUs</b>	<b>Deemed value</b>	<b>Fair Market Value at December 31, 2024</b>
June 1, 2021	1,325	\$9.43	\$7.51
September 1, 2021	1,184	\$7.03	\$7.51
October 1, 2021	5,844	\$7.13	\$7.51
January 1, 2022	3,357	\$11.17	\$7.51
April 1, 2022	2,301	\$16.30	\$7.51
July 1, 2022	2,391	\$15.68	\$7.51
October 1, 2022	2,643	\$14.19	\$7.51
January 1, 2023	2,700	\$13.89	\$7.51
April 1, 2023	3,117	\$12.03	\$7.51
July 1, 2023	2,427	\$15.45	\$7.51
October 1, 2023	3,399	\$11.03	\$7.51
December 1, 2023	55,988	\$10.20	\$7.51
January 1, 2024	3,603	\$10.41	\$7.51
February 22, 2024	45,168	\$11.95	\$7.51
April 1, 2024	2,622	\$11.07	\$7.51
July 1, 2024	2,584	\$9.68	\$7.51
October 1, 2024	3,002	\$8.33	\$7.51

As at December 31, 2024, the Company had a total of \$898,436 in DSU liabilities. See Note 8.

**g) Restricted share units and performance shares**

On February 14, 2022, the Company appointed Santiago Montt as Chief Operating Officer of the Company. The Company will grant Mr. Montt Restricted Share Units ("RSUs") once the Company implements an RSU Plan. Until such time, the Company issued Mr. Montt 29,312 common shares, referred to as Y1 Performance Shares, in escrow, to be released over the first year of his employment. An additional 34,004 common shares, referred to as Y2 Performance Shares, were issued to him and placed in escrow to be released over the second year of his employment if certain performance targets are met.

During the year ended September 30, 2022, all 63,316 performance shares were issued and placed in escrow. During the year ended September 30, 2023, share-based expense of \$394,503 (2022: \$495,149) was recognized in reserves due to the vesting conditions of the performance shares.

On December 1, 2023, the Company exchanged 55,988 performance shares for an equal number of DSUs to the CEO of the Company.



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**8. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of companies controlled by a director of the Company, the Company's Chief Financial Officer ("CFO") and the Company's VP of Exploration.

	Nature of Transaction
Sociedad Cartografica Limitada	Geological Consulting
Kasheema Enterprises Ltd.	Management
Malaspina Consultants Inc.	Accounting

The Company incurred the following fees and salaries during the period in the normal course of operations with companies controlled by key management, including the Company's Chief Executive Officer, Chief Financial Officer, VP of Exploration and/or directors. Transactions have been measured at the exchange amount, which is the consideration determined and agreed to by the related parties.

	Three months ended December 31,	
	2024	2023
	\$	\$
Consulting, salaries, management and directors' fees <sup>1</sup>	330,146	313,532
Geological consulting fees	76,362	72,779
Professional fees (accounting)	24,900	24,100
Share-based compensation	3,101	72,751
	434,509	483,162

<sup>1</sup> Includes fees from the board of directors; and salaries capitalized to mineral right interests.

During the three months ended December 31, 2024, included in directors' fees and management fees was \$59,684 which was the deemed value of DSUs at issuance. See Note 7(e).

Included in trade and other payables as at December 31, 2024, is \$25,592 (September 30, 2024: \$40,286) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation during the three months ended December 31, 2024 and 2023 is as follows:

	Three months ended December 31,	
	2024	2023
	\$	\$
Consulting, salaries, management, geological consulting and professional fees	287,639	252,291
Share-based compensation	3,101	72,751
	290,740	325,042

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**9. SEGMENTED INFORMATION**

At December 31, 2024, the Company has three reportable segments: mineral exploration, hydroelectric project and corporate, and has operations in two geographical areas, Canada and Chile.

**Operating segments**

	<b>Three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Net income/(loss)</b>		
Mineral exploration	(40,267)	(47,544)
Hydroelectric project	(1,331)	(1,336)
Corporate	(288,821)	(734,009)
	<b>(330,419)</b>	<b>(782,889)</b>

  

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Mineral exploration	69,857,671	70,282,536
Hydroelectric project	8,250,000	8,250,000
Corporate	29,139,482	29,386,001
	<b>107,247,153</b>	<b>107,918,537</b>

**Geographic segments**

	<b>Three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Net income/(loss)</b>		
Canada	(258,249)	(697,941)
Chile	(72,170)	(84,948)
	<b>(330,419)</b>	<b>(782,889)</b>

  

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Canada	29,139,484	29,386,002
Chile	78,107,669	78,532,535
	<b>107,247,153</b>	<b>107,918,537</b>

**10. SUPPLEMENTAL CASH FLOW INFORMATION****Non-cash investing and financing activities**

At December 31, 2024:

- Net exploration costs included in trade payables and other liabilities were \$495,415 (September 30, 2024: \$472,471);
- Exchange rate differences of \$1,653,924 (2023: \$725,001) were included in mineral right interests; and

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- Accretion expense of \$399,065 related to the convertible debenture was recorded (2023: \$318,151).

Also see Note 11.

### 11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

As at December 31, 2024, the Company was the lessee to three premises leases. The incremental rate of borrowing for these leases was estimated by management to be 12% per annum.

#### Right-of-use assets

As at December 31, 2024, the right-of-use assets recorded for the Company's premises were as follows:

	Premises \$
<b>As at September 30, 2023</b>	<b>102,624</b>
Additions	114,529
Depreciation	(117,585)
Foreign exchange	(3,208)
<b>As at September 30, 2024</b>	<b>96,360</b>
Additions	-
Depreciation	(28,168)
Foreign exchange	(2,803)
<b>As at December 31, 2024</b>	<b>65,389</b>

#### Lease liability

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	December 31, 2024 \$
Undiscounted minimum lease payments:	
Less than one year	69,180
Two to three years	-
	69,180
Effect of discounting	(2,830)
Present value of minimum lease payments	66,350
Less current portion	-
Long-term portion	66,350

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### Lease liability continuity

The net change in the lease liability is as follows:

	Premises \$
<b>As at September 30, 2023</b>	<b>106,920</b>
Cash flows:	
Additions	114,530
Principal payments	(117,764)
Non-cash changes:	
Foreign exchange	(7,375)
<b>As at September 30, 2024</b>	<b>96,311</b>
Cash flows:	
Additions	-
Principal payments	(27,160)
Non-cash changes:	
Foreign exchange	(2,801)
<b>As at December 31, 2024</b>	<b>66,350</b>

During the three months ended December 31, 2024, interest of \$2,641 (2023: \$2,788) was paid.

## 12. CONTINGENCIES

On June 29, 2022, the Company was notified that Terraservice, one of the Company's drilling contractors, had initiated an arbitration process regarding the application of the force majeure clause of the drilling agreement following the drilling suspension ordered by the Environmental Court on March 18, 2022. Terraservice filed a claim in the amount of US\$2,566,643 and the Company filed a counterclaim for US\$803,374.

On November 6, 2023, the arbitrator ordered the Company to pay Terraservice US\$166,656, plus interest of US\$9,286 as settlement of the claims (the "Settlement"). The Company Settlement was accrued during the year ended September 30, 2023 and the Company paid the amount in full, including interest of US\$9,286 on November 29, 2023. As a result of the payment, the matter has been resolved.

## 13. SUBSEQUENT EVENT

Subsequent to December 31, 2024:

- i) On January 1, 2025, the Company granted 3,330 DSUs to directors of the Company. These DSUs will fully vest by March 31, 2025.