



Atacama Copper Corporation

(formerly 1246773 BC Ltd.)

Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2022

(Unaudited - Expressed in Canadian Dollars)



www.atacamacopper.ca

TSX.V:ACOP

Notice of No Auditor Review

These unaudited condensed interim financial statements have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

Atacama Copper Corporation (formerly 1246773 BC Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian dollars)

As at:	Note(s)	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash		\$ 2,179,405	\$ 2,898,566
Amounts receivable		30,063	27,265
Prepaid expense		16,779	8,500
Total current assets		2,226,247	2,934,331
Exploration and evaluation assets	5 & 6	8,775,244	8,775,244
Total assets		\$ 11,001,491	\$ 11,709,575
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	\$ 192,823	\$ 143,228
Total liabilities		192,823	143,228
SHAREHOLDERS' EQUITY			
Share capital	8	15,484,443	15,484,443
Reserves	8	193,484	143,370
Deficit		(4,869,259)	(4,061,466)
Total shareholders' equity		10,808,668	11,566,347
Total liabilities and shareholders' equity		\$ 11,001,491	\$ 11,709,575

Nature of operations and going concern (Note 1)

Approved on Behalf of the Board on May 27, 2022.

"Martyn Buttenshaw" Director

"Scott Hicks" Director

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

Atacama Copper Corporation (formerly 1246773 BC Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian dollars)

	Note(s)	Three months ended March 31, 2022	Three months ended March 31, 2021
Expenses			
Consulting fees		84,801	-
Exploration and evaluation expenditures		381,088	-
General and administrative expenses		14,588	7,783
IVA expense		30,574	-
Management and director fees	7	100,000	-
Professional fees	7	50,120	-
Share-based compensation	7 & 8	50,114	-
Shareholder communications		76,416	-
Travel expense		7,319	-
		(795,020)	(7,783)
Foreign exchange		(12,773)	(974)
Loss and comprehensive loss		\$ (807,793)	\$ (8,757)
Loss per common share, basic and diluted		\$ (0.02)	\$ (0.001)
Weighted average number of shares outstanding – basic and diluted		34,373,156	6,022,222

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

Atacama Copper Corporation (formerly 1246773 BC Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Cash flows from operating activities:		
Loss for the period	\$ (807,793)	\$ (8,757)
Items not involving cash:		
Share-based compensation	50,114	-
Foreign Exchange	-	974
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	49,595	6,130
Amounts receivable	(2,798)	-
Prepaid expenses	(8,279)	-
Due to related parties	-	1,671
Net cash used in operating activities	(719,161)	18
Cash flow from investing activities:		
Acquisition of Aconcagua Minerals	-	1,660
Acquisition of Cobalt Chile	-	873
Net cash used in investing activities	-	2,533
Change in cash during the period	(719,161)	2,551
Cash, beginning of period	2,898,566	2,001
Cash, end of period	\$ 2,179,405	\$ 4,552
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

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Atacama Copper Corporation (formerly 1246773 BC Ltd.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total
Balance, December 31, 2020	3,000,000	\$ 2,000	\$ 1	\$ (1,199)	\$ 802
Shares issued related to the acquisition of Cobalt Chile	8,923,820	4,461,910	-	-	4,461,910
Shares issued related to the acquisition of Aconcagua Minerals	8,076,180	4,038,090	1	-	4,038,090
Loss and comprehensive loss for the period	-	-	-	(8,757)	(8,757)
Balance, March 31, 2021	20,000,000	\$ 8,502,000	\$ 1	\$ (9,956)	\$ 8,492,045

	Number of Shares	Share Capital	Reserve	Deficit	Total
Balance, December 31, 2021	34,373,156	\$ 15,484,443	\$ 143,370	\$ (4,061,466)	\$ 11,566,347
Share-based compensation	-	-	50,114	-	50,114
Loss for the period	-	-	-	(807,793)	(807,793)
Balance, March 31, 2022	34,373,156	\$ 15,484,443	\$ 193,484	\$ (4,869,259)	\$ 10,808,668

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

Atacama Copper Corporation (formerly 1246773 BC Ltd.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Atacama Copper Corporation (formerly 1246773 B.C. Ltd.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company’s registered and records office and head office is located at 550-800 West Pender Street, Vancouver, BC, V6C 2V6. The principal business of the Company is to identify, explore and evaluate mineral properties in Chile. The Company holds mining concessions through its ownership of the El Cofre and Placeton projects in Chile. The success of the Company will be dependent on obtaining the necessary financing to evaluate these projects.

The common shares of the Company began trading on the TSX Venture Exchange (“TSXV”) on September 7th, 2021 under the symbol “ACOP”.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing through the capital markets.

During the three months ended March 31, 2022, the Company incurred a loss of \$807,793 and, as of March 31, 2022, the Company had an accumulated deficit of \$4,869,259. The Company may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing when required may result in the loss of some, or all, of the Company’s exploration and evaluation assets (Note 5 & 6). These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, there have been no significant adverse effects on the Company’s business or ability to raise funds.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using accounting policies consistent with IFRS. Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021 which have been prepared in accordance with IFRS. The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements, unless otherwise stated.

Basis for measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value. All dollar amounts presented are expressed in Canadian Dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

a. Basis of consolidation

These condensed interim consolidated financial statements include the financial statements Atacama Copper Corporation, Atacama Cobre Ltd., 2311548 Alberta Ltd. Agencia en Chile (“Agencia en Chile”), Aconcagua Minerals SpA (“Aconcagua”) and Cobalt Chile SpA (“Cobalt Chile”). All intercompany transactions and balances have been eliminated upon consolidation. All of the Company’s subsidiaries are wholly owned.

Control exists when the Company has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken in account in the assessment of whether control exists. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

b. Functional currency and presentation currency

The consolidated financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

c. Foreign exchange

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

d. Key sources of estimation uncertainty and critical judgments

Judgements, estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company’s accounting policies are consistent with those applied to annual financial statements.

e. Recent accounting pronouncements

There are no new and amended standards that are applicable to the business of the Company.

4. AMALGAMATION

On August 23, 2021, 2311548 Alberta Ltd. (“548 AB”) completed its amalgamation agreement (“Amalgamation”) with 2330281 Alberta Ltd (“AmalCo”), a wholly owned subsidiary of 1246773 BC Ltd. (“773”). Pursuant to the Amalgamation, 773 issued 20,000,000 common shares to acquire 100% of the issued and outstanding shares of 548 AB. As a result, the shareholders of 548 AB obtained control of 773, effecting an arm’s length Reverse Takeover (“RTO”).

Upon completion of the transaction, 773 changed its name to Atacama Copper Corporation. As the RTO did not meet the definition of a business under IFRS, the RTO was outside of the scope of IFRS 3, Business Combinations, and was accounted for as a share-based payment transaction in accordance with IFRS 2, Share based Payments (“IFRS 2”). Any difference between the fair value of the shares deemed to have been issued by 548 AB and the fair value of 773s’ identifiable net assets acquired represents the value of the public listing received by 548 AB.

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The consideration received was the fair value of the net liabilities of 773, which on August 23, 2021 was \$224,817. The amount was calculated as follows:

	Amount
Consideration paid:	
6,150,000 shares issued (valued at \$0.50 per share) (Note 8)	\$ 3,075,000
Transactions costs	167,603
Total consideration	3,242,603
Less: net liabilities acquired	
Cash	28,094
Amounts receivable	336,523
Accounts payable and accrued liabilities	(589,434)
Net liabilities assumed	(224,817)
Listing expense	\$ 3,467,420

The consideration was measured at the fair value of the shares that 773 would have had to issue to the shareholders of 548 AB (6,150,000 common shares), to give the shareholders of 548 AB the same percentage equity interest in the combined entity that results from the RTO had it taken the legal form of 773 acquiring 548 AB.

5. ACQUISITIONS

Aconcagua and Cobalt Chile Acquisition – The Placeton Project and El Cofre Project

On March 12, 2021, 548 AB entered into a series of transactions with 773, AmalCo, Aconcagua Minerals SpA (“Aconcagua”) and Cobalt Chile SpA (“Cobalt Chile”) that resulted in 773 indirectly acquiring the rights to the El Cofre, Los Naranjos, Caballo Muerto and the Placeton Projects located in Chile.

As part of the transactions 548 AB acquired all of the issued and outstanding shares of Aconcagua and Cobalt Chile and then amalgamated with AmalCo (Note 4). 548 AB issued a total of 17,000,000 shares to the shareholders of Aconcagua and Cobalt Chile in exchange for their shares in these entities, as well as an assignment of amounts due to related parties from Aconcagua.

The purchase price allocation of Aconcagua and Cobalt Chile was as follows:

	Aconcagua	Cobalt Chile	Total
Shares issued	8,076,180	8,923,820	17,000,000
Total consideration paid (valued at \$0.50 per share)	\$ 4,038,090	\$ 4,461,910	\$ 8,500,000
Cash	\$ 953	\$ 873	\$ 1,826
Accounts payable and accrued liabilities	(85,668)	(115,561)	(201,229)
Due to related parties	(33,589)	(42,252)	(75,841)
Exploration and evaluation assets	4,156,394	4,618,850	8,775,244
Total consideration received	\$ 4,038,090	\$ 4,461,910	\$ 8,500,000

6. EXPLORATION AND EVALUATION ASSETS

Aconcagua holds the rights to the Placeton Project which consists of the Placeton, Caballo Muerto and Los Naranjos projects. There is an existing 2% net smelter royalty (“NSR”), held by the CEO, over all minerals produced from 39 exploitation tenements included in the Placeton Project.

Cobalt Chile holds the rights to the El Cofre Project, which represents 100% interest in the exploration claims. There is an existing 2% NSR over all minerals produced from 37 exploitation concessions included in the El Cofre Project.

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	Aconcagua		Cobalt Chile		Total
Balance, December 31, 2020	\$	-	\$	-	\$ -
Additions:					
Acquisition costs		4,156,394		4,618,850	8,775,244
Balance, December 31, 2021 and March 31, 2022	\$	4,156,394	\$	4,618,850	\$ 8,775,244

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals. Key management compensation paid to officers and directors of the Company during the three months ended March 31, 2022 and 2021 is as follows:

	March 31, 2022		March 31, 2021	
Management and director fees	\$	100,000	\$	-
Share-based compensation		48,346		-
Total consideration received	\$	148,346	\$	-

Other related party transactions:

During the three months ended March 31, 2022, the Company incurred a total of \$9,574 (2021 - \$Nil) in prepaid expenses and exploration and evaluation expenses from a company controlled by the CEO.

During the three months ended March 31, 2022, the Company incurred a total of \$25,500 (2021 - \$Nil) in professional fees from a company controlled by the CFO.

Due to related parties:

As at March 31, 2022, the Company owed \$9,631 (2021 - \$nil) to related parties. The amount is included in accounts payable and accrued liabilities. The related party amounts owing are non-interest bearing, unsecured, and have no terms of repayment, but is payable on demand.

8. SHARE CAPITAL

Authorized capital stock: unlimited number of common shares without par value.

As at March 31, 2022 the Company had 34,373,156 (2021 – 20,000,000) common shares issued and outstanding.

For the three months ended March 31, 2022

There were no additional common shares issued during the three months ended March 31, 2022.

For the year ended December 31, 2021:

Pre RTO:

On March 15, 2021, 548 AB issued 8,076,180 common shares at a price of \$0.50 per common shares with a fair value of \$4,038,090 in connection with the acquisition of Aconcagua Minerals (Note 5).

On March 15, 2021, 548 AB issued 8,923,820 common shares at a price of \$0.50 per common shares with a fair value of \$4,461,910 in connection with the acquisition of Cobalt Chile (Note 5).

Post RTO:

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On August 23, 2021, the Company issued 20,000,000 common shares with a fair value of \$3,075,000 in connection with the Amalgamation (Note 4).

On August 23, 2021, the Company completed a private placement and issued 8,223,156 common shares at a price of \$0.50 per common share for gross proceeds of \$4,111,578. In connection with the private placement, the Company incurred share issuance costs of \$160,949. In addition, the Company issued 209,024 finders' warrants with a fair value of \$43,186.

Stock Options

Pursuant to the Company's stock option plan, the Board of Directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the Board of Directors and expire no later than five years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per common share must be at least \$0.10. Options issued are subject to vesting terms.

For the three months ended March 31, 2022

There were no options granted in the three months ended March 31, 2022.

During the three months ended March 31, 2022 the Company recognized \$34,996 (2021 - \$nil) in share-based compensation expense.

For the year ended December 31, 2021:

On December 22, 2021 the Company issued 990,000 stock options to directors, officers and consultants of the Company. Each stock option is exercisable at a price of \$0.42 per share for a period of five years from the date of grant and vest as follows:

- 330,000 options vest immediately on the date of grant
- 330,000 options vest on the first anniversary of the date of grant
- 330,000 options vest on the second anniversary of the date of grant.

During the year ended December 31, 2021, the Company recognized \$98,503 in share-based compensation expense.

The fair value of stock options issued was estimated at the grant date based on the Black-Scholes valuation model with the following weighted average assumptions:

	2021
Risk-free interest rate	1.25%
Expected dividend yield	Nil
Share price	\$0.39
Expected stock price volatility	100%
Average expected option life	5 years
Fair value of options granted	\$0.29

As at March 31, 2022, the Company has the following stock options outstanding and exercisable:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
December 22, 2026	990,000	330,000	\$ 0.42	4.73

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Restricted Stock Units (RSUs)

The Company has established a Restricted Stock Unit incentive plan (the “RSU Plan”) for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company’s Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

For the three months ended March 31, 2022

There were no RSU’s granted in the three months ended March 31, 2022.

During the three months ended March 31, 2022 the Company recognized \$15,118 (2021 - \$nil) in share-based compensation expense.

For the year ended December 31, 2021:

On December 22, 2021 the Company granted 240,000 RSUs. The value ascribed to the RSUs issued was \$0.39 per share, the closing share price of the Company’s common shares on December 22, 2021. The RSUs will vest as follows: 80,000 vest on the first anniversary of the date of grant, 80,000 will vest on the second anniversary of date of grant and 80,000 vest on the third anniversary of the date of grant.

During the year ended December 31, 2021, the Company recognized \$1,680 in share-based compensation expense.

Warrants

For the three months ended March 31, 2022

There were no warrants granted in the three months ended March 31, 2022.

For the year ended December 31, 2021:

During the year ended December 31, 2021, in connection with the private placement, the Company issued 209,024 finder’s warrants. Each finder’s warrant is exercisable at a price of \$0.80 per share for a period of two years from the date of issue. Using the Black-Scholes valuation model, the fair value of the finder’s warrants were valued at \$43,186. The following assumptions were used to calculate the fair value:

	2021
Risk-free interest rate	0.29%
Expected dividend yield	Nil
Share price	\$0.50
Expected stock price volatility	100%
Average expected option life	5 years
Fair value of options granted	\$0.20

The number and weighted average prices of warrants are as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding as at December 31, 2020	7,000,000	\$	0.60
Issued	209,024	\$	0.80
Outstanding as at December 31, 2021	7,209,024	\$	0.61
Outstanding as at at March 31, 2022	7,209,024	\$	0.61

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As at March 31, 2022, the Company has the following warrants outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
September 7, 2026	7,000,000	\$ 0.60	4.44
May 10, 2023	209,024	\$ 0.80	1.11
	7,209,024	\$ 0.61	4.34

9. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a Level 1 fair value measurement. The recorded values of GST receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturities which is the amount presented on the statement of financial position.

Financial risk factors

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

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and GST receivable due from the Government of Canada. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to GST receivable is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a working capital balance of \$2,033,424.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in Chilean Pesos. A 10% fluctuation between the Canadian dollar against the Chilean Peso would impact profit or loss by approximately \$7,220.

Price risk

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The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support any business transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund its operations. In order to carry out its exploration operations and to continue to support its general administrative activities, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral properties in Chile. All non-current assets are held in Chile.