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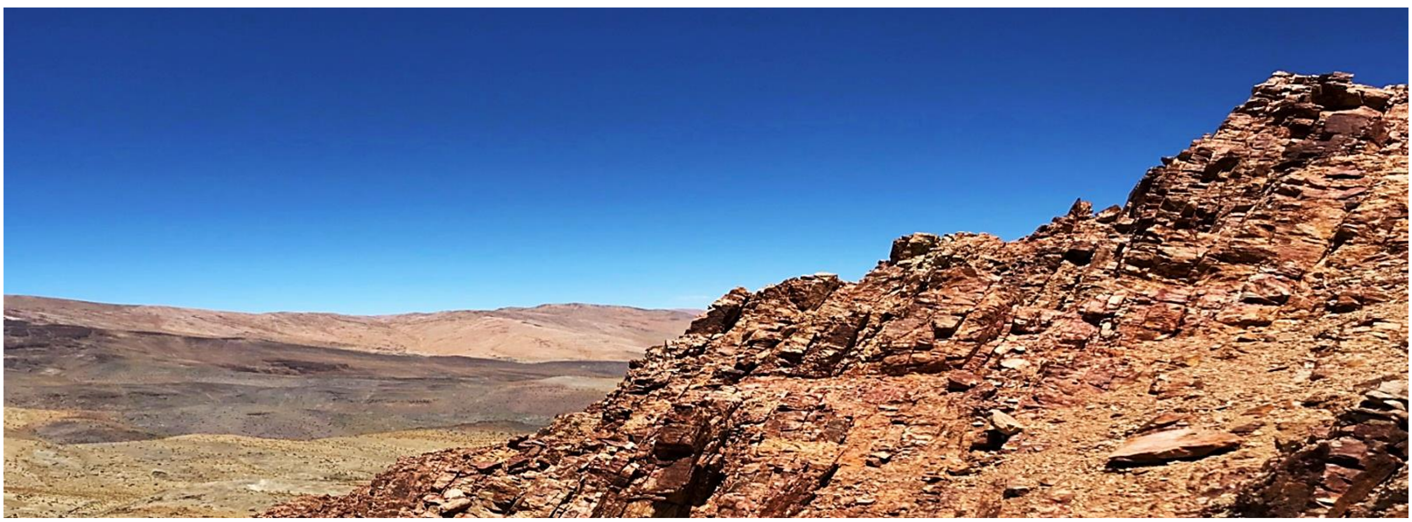
Atacama Copper Corporation

Consolidated Financial Statements
For the Fiscal Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)



www.atacamacopper.ca

TSX.V: ACOP

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Atacama Copper Corporation

Opinion

We have audited the accompanying consolidated financial statements of Atacama Copper Corporation (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, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Key Audit Matters

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $4,156,394 as of December 31, 2023. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company’s recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated 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.

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

The engagement partner on the audit resulting in this independent auditor’s report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 24, 2024

Atacama Copper Corporation
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current					
Cash		$	96,420	$	816,249
Restricted cash	9		8,125,743		-
Deferred financing costs	9		128,500		-
GST receivable			21,479		40,025
Prepaid expenses			30,616		12,952
			8,402,758		869,226
Exploration and evaluation assets	6		4,156,394		8,775,244
Total assets		**$**	**12,559,152**	**$**	**9,644,470**
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	687,652	$	99,466
Loans	8		102,082		-
Subscriptions received in advance	9		8,354,243		-
Total liabilities			9,143,977		99,466
SHAREHOLDERS' EQUITY					
Share capital	9		15,745,613		15,484,443
Reserves	9		505,384		363,279
Deficit			(12,835,822)		(6,302,718)
Total shareholders' equity			3,415,175		9,545,004
Total liabilities and shareholders' equity		**$**	**12,559,152**	**$**	**9,644,470**

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

Approved on Behalf of the Board on April 24, 2024.

"Tim Warman"
Director

"Colinda Parent"
Director

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

Atacama Copper Corporation
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2023	2022
Expenses			
Consulting fees		$ 269,165	$ 243,207
Exploration and evaluation (“E&E”) expenditures	7	185,909	715,349
IVA expense		2,877	54,127
General and administrative		93,999	58,090
Management and director fees	7	433,005	454,133
Professional fees	7	620,879	251,179
Share-based compensation	7, 9	140,931	219,909
Shareholder communications		83,212	178,110
Travel		57,693	119,878
		(1,887,670)	(2,293,982)
Other income (expenses)			
Impairment loss	6	(4,618,850)	-
Foreign exchange		(24,502)	13,387
Gain on settlement of accounts payable		-	39,343
Interest expense		(2,082)	-
		(4,645,434)	52,730
Net loss and comprehensive loss for the year		$ (6,533,104)	$ (2,241,252)
Loss per common share, basic and diluted(1)	9	$ (1.11)	$ (0.39)
Weighted average number of shares outstanding – basic and diluted(1)	9	5,871,279	5,728,859

(1) In connection with the reverse takeover transaction with TCP1 Corporation, as described in Note 14, on February 9, 2024, the common shares of the Company were consolidated on a 6:1 basis (the “Share Consolidation”). The Share Consolidation is reflected retrospectively in these consolidated financial statements.

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

Atacama Copper Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2023	2022
Operating activities		
Loss for the year	$ (6,533,104)	$ (2,241,252)
Items not involving cash:		
Gain on settlement of accounts payable	-	(39,343)
Interest expense on loans	2,082	-
Share-based compensation	140,931	219,909
Impairment of E&E asset	4,618,850	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	588,186	(4,419)
GST receivable	18,546	(12,760)
Prepaid expenses	(17,664)	(4,452)
Cash used in operating activities	(1,182,173)	(2,082,317)
Financing activities		
Proceeds from private placement	282,120	-
Subscriptions received in advance	8,354,243	-
Deferred financing costs	(128,500)	-
Share issuance costs	(19,776)	-
Loan proceeds	100,000	-
Cash and restricted cash provided by financing activities	8,588,087	-
Change in cash and restricted cash during the year	7,405,914	(2,082,317)
Cash and restricted cash, beginning of year	816,249	2,898,566
Cash and restricted cash, end of year	$ 8,222,163	$ 816,249

Supplemental Schedule of Non-Cash Investing and Financing Activities

Share issuance cost – non-cash (finders warrants)	$ 1,175	$ -
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

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

Atacama Copper Corporation
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares		Share Capital		Reserve		Deficit		Total
Balance, December 31, 2021	5,728,859[1]	$	15,484,443	$	143,370	$	(4,061,466)	$	11,566,347
Share-based compensation	-		-		219,909		-		219,909
Loss for the year	-		-		-		(2,241,252)		(2,241,252)
Balance, December 31, 2022	**5,728,859**		**15,484,443**		**363,279**		**(6,302,718)**		**9,545,004**
Shares issued in private placement	261,222[1]		282,120		-		-		282,120
Share issuance costs	-		(19,776)		-		-		(19,776)
Finders' warrants	-		(1,174)		1,174		-		-
Share-based compensation	-		-		140,931		-		140,931
Loss for the year	-		-		-		(6,533,104)		(6,533,104)
Balance, December 31, 2023	**5,990,081**	**$**	**15,745,613**	**$**	**505,384**	**$**	**(12,835,822)**	**$**	**3,415,175**

(1) In connection with the reverse takeover transaction with TCP1 Corporation, as described in Note 14, on February 9, 2024, the common shares of the Company were consolidated on a 6:1 basis. The Share Consolidation is reflected retrospectively in these consolidated financial statements.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Atacama Copper Corporation (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 410 – 625 Howe Street, Vancouver, BC, V6C 2T6. The principal business of the Company is to identify, explore and evaluate mineral properties in Chile and elsewhere in the Americas. 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 7, 2021 under the symbol "ACOP".

These 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 year ended December 31, 2023, the Company incurred a loss of $6,533,104 and, as of December 31, 2023, the Company had an accumulated deficit of $12,835,822. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational needs. The Company believes that it will be able to continue as a going concern for the foreseeable future based on the Company's historical and anticipated ability to raise additional funding to further advance its mineral exploration projects. While the Company raised additional funding subsequent to year end (see Note 14), it will continue to incur losses in the process of advancing its mineral exploration projects such that additional funds will be required in the future to enable the Company to continue its operations. There can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the board of directors for issue on April 24, 2024.

Basis of preparation

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.

Amounts related to common shares, stock options and RSUs as presented in these consolidated financial statements have been disclosed after taking into effect the 6:1 Share Consolidation that took effect subsequent to December 31, 2023 (see Note 14).

Changes in material accounting policies

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

3. MATERIAL ACCOUNTING POLICIES

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

a. Basis of consolidation

These 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. Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

3. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Classification (continued)

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement loss and comprehensive loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI. Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

e. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash predominantly includes deposits held on call with a Canadian chartered bank, and funds in foreign bank accounts. As at December 31, 2023, the cash balance is $96,420 (2022 - $816,249). The Company holds no cash equivalents for the periods presented.

f. Exploration and evaluation assets

Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Exploration and evaluation costs are recognized in profit or loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, after which such costs are capitalized. Upon achieving production, costs for a producing property will be amortized on a unit of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

3. MATERIAL ACCOUNTING POLICIES (continued)

g. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is an indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any).

The recoverable amount used for this purpose is the higher of the 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 assignments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h. Reclamation obligations

The Company recognizes statutory, contractual, or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. For the periods presented, there were no reclamation obligations.

i. Income taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or profit or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is possible that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. MATERIAL ACCOUNTING POLICIES (continued)

j. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

k. Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Common share equivalents have been excluded from the computation of diluted loss per share for the years presented as including them would have been antidilutive.

l. Share-based compensation

The Company applies the fair value method of accounting for all stock option awards. Under this method, share-based compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant and is recognized over the vesting period of the award. Share-based compensation to non-employees is valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to share capital.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

4. USE OF JUDGMENTS AND ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Critical estimates

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Critical judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indicators of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

(Expressed in Canadian Dollars)

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements. Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

Classification of liabilities as current or non-current

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of financial statements. The narrow scope amendment clarifies that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2024 and applied retrospectively. The Company will adopt the narrow scope amendments on the date they become effective; these amendments are not expected to have a material impact on the Company in the current or future reporting periods.

There are no other upcoming changes in accounting standards which are expected to materially impact the Company.

6. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

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 an entity that is owned by the Company’s VP Business Development, over all minerals produced from the 39 mining concession tenement groups that comprise the Placeton Project.

Cobalt Chile holds the rights to the El Cofre Project, which represents 100% interest in thirty mining concession tenement groups, with ten previously held tenements being allowed to lapse in 2023. There is an existing 2% NSR over all minerals produced from twenty-seven of the tenements in favor of the Company’s VP Business Development, included in the El Cofre Project.

		Aconcagua		**Cobalt Chile**		**Total**
Balance, December 31, 2022 and 2021	$	4,156,394	$	4,618,850	$	8,775,244
Additions:						
Acquisition costs		-		-		-
Deductions:						
Impairment loss		-		(4,618,850)		-
Balance, December 31, 2023	$	4,156,394	$	-	$	4,156,394

The exploration and evaluation assets are tested for impairment annually or when events or changes in circumstances indicate that the carrying amount may not be recoverable. During the year ended December 31, 2023, management determined that the Cobalt Chile concessions were impaired.

(Expressed in Canadian Dollars)

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 years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022
Management and director fees	$	433,005	$	454,133
Share-based compensation		140,931		216,354
Total consideration received	$	573,936	$	670,487

Other related party transactions:

During the year ended December 31, 2023, the Company incurred a total of $51,000 (2022 - $102,000) in professional fees from a company related to the former CFO.

During the year ended December 31, 2023, the Company incurred a total of $30,731 (2022 – $46,235) in E&E expenses from a company controlled by a director and VP Business Development.

Due to related parties:

As at December 31, 2023, the Company owed $Nil (2022 - $6,879) 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 are payable on demand.

As at December 31, 2022, the Company had $8,500 in prepaid deposit held by the professional service company related to the former CFO.

8. LOANS

During the year ended December 31, 2023 the Company received unsecured loans from three arms-length parties for a total of $100,000. The terms of the loans are identical and as follows:

- Interest Rate: 10% per annum
- Repayment: The principal and interest shall become due and payable upon the earlier of the following: (i) completion by the Company of an equity financing exceeding $3 million or (ii) on July 1, 2024.

Balance, December 31, 2022 and 2021	$	-
Loan proceeds		100,000
Interest accrued		2,082
Balance, December 31, 2023	$	102,082

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

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

As at December 31, 2023 the Company had 5,990,081 (2022 – 5,278,859) common shares issued and outstanding.

In connection with the reverse takeover transaction with TCP1 Corporation, as described in Note 14, on February 9, 2024, the common shares of the Company were consolidated on a 6:1 basis. The Share Consolidation is reflected retrospectively in these consolidated financial statements as concerns all share and per share amounts.

For the year ended December 31, 2023:

On June 15, 2023, the Company completed a private placement and issued 261,222 common shares at a price of $1.08 per common share for gross proceeds of $282,120. The Company incurred share issue costs of $14,526. In addition, a finder's fees consisting of an aggregate cash commission of $5,250 and 4,861 warrants to purchase common shares ("finder's warrants") was paid by the Company in connection with the offering. Each finder's warrant is exercisable at a price of $1.80 per share for a period of two years from the date of issue. The finder's warrants were valued at $1,174, which has been recorded as share issue costs.

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

Risk-free interest rate	4.49%
Expected dividend yield	Nil
Share price	$0.90
Expected stock price volatility	80.76%
Expected warrant life	2 years
Fair value of warrants granted (per warrant)	$0.24

During December 2023, the Company received $8,245,018 in subscription receipts related to a proposed private placement (see Note 14). In addition, the Company's escrow agent accrued $9,225 in interest on the funds, which would be owed to subscription receipt holders should the financing not close. Agents' fees of $128,500 were deducted from the subscription receipts leaving $8,125,743 on deposit with the escrow agent at December 31, 2023. The Company also received $100,000 related to a private placement that closed subsequent to December 31, 2023. See Note 14 for additional details on financing matters that occurred subsequent to year end.

For the year ended December 31,2022:

During the year ended December 31, 2022, no shares were issued.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

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.

During the year ended December 31, 2023, the Company recognized $101,169 (2022 - $159,509) in share-based compensation expense related to stock options vested.

The following is a summary of the Company's stock option activity:

	Number of options	Weighted Average Exercise Price
Balance, December 31, 2021	165,000	$ 2.52
Granted	50,000	$ 1.20
Forfeited	(8,333)	$ 2.52
Balance, December 31, 2022	206,667	$ 2.20
Granted	63,335	$ 1.11
Balance, December 31, 2023	270,002	$ 1.94

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:

	Year ended December 31, 2023	2022
Risk-free interest rate	3.19%	2.88%
Expected dividend yield	Nil	Nil
Share price	$1.14	$1.20
Expected stock price volatility	100%	100%
Average expected option life	5 years	5 years
Fair value of options granted	$0.84	$0.72

As at December 31, 2023, the Company has the following stock options outstanding and exercisable:

Expiry Date	Number of options outstanding	Weighted Average Life (years)	Weighted Average Exercise Price	Number of options exercisable	Weighted Average Exercise Price
December 20, 2026	156,667	2.98	$ 2.52	156,667	$ 2.52
August 15, 2027	50,000	3.62	$ 1.20	33,333	$ 1.20
March 10, 2028	63,335	4.19	$ 1.11	21,112	$ 1.11
	270,002	3.38	$ 1.94	211,112	$ 2.17

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

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.

Granted RSUs vest in three equal instalments beginning a year after the grant date. The RSUs are subject to a restriction period which will end no later than December 31 of the calendar year three (3) years after the grant date, or as otherwise determined by the Board of Directors.

During the year ended December 31, 2023 the Company granted 21,665 RSUs to directors and officers (year ended December 31, 2022 – Nil). The RSUs vest evenly over three years.

During the year ended December 31, 2023 the Company recognized $39,762 (2022 - $60,400) in share-based compensation expense.

As at December 31, 2023, there were 61,665 RSUs outstanding (December 31, 2022 – 40,000) of which 26,668 have vested, but are yet to be converted into common shares (December 31, 2022 – 13,334).

There were no RSU's granted in year ended December 31, 2022.

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2022 and 2021	1,201,504	$ 3.63
Expired	(34,837)	$ 4.80
Issued	4,861	$ 1.80
Outstanding as at December 31, 2023	1,171,528	$ 3.59

As at December 31, 2023, the Company has the following warrants outstanding and exercisable:

Expiry Date	Number of Warrants	WeightedAverage Exercise Price	Weighted Average Remaining Life
June 15, 2025	4,861	$ 1.80	1.46
September 7, 2026	1,166,667	$ 3.60	2.69
Outstanding as at December 31, 2023	1,171,528	$ 3.59	2.68

10. 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.

The recorded values of cash, restricted cash, GST receivable, loans, subscriptions received in advance and accounts payable and accrued liabilities approximate their carrying values due to their short-term 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 restricted 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. The Company's maximum credit exposure if limited to the carrying amount of its cash, restricted cash and GST receivable.

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 December 31, 2023, the Company had a working capital deficiency of $741,219 which was resolved with the closing of the transactions subsequent to year end (see Note 14).

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 have a nominal impact on profit or loss.

Price risk

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.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts 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 financing to fund its operations. 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 year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

12. 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.

13. INCOME TAX

		Year Ended December 31, 2023		Year Ended December 31, 2022
Loss before income taxes	$	(6,533,104)	$	(2,241,252)
Expected tax (recovery)		(1,764,000)		(605,000)
Change in statutory, foreign tax, foreign exchange rates and other		5,000		15,000
Permanent differences		1,285,000		49,000
Adjustment to prior year tax estimates		(6,000)		(976,000)
Change in unrecognized deductible temporary differences		480,000		1,517,000
Deferred income tax recovery	$	-	$	-

The tax effects on the temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

		2023		2022
Deferred tax assets (liabilities)				
Share issuance costs	$	515,000	$	706,000
Non-capital losses available for future period		1,784,000		1,113,000
		2,299,000		1,819,000
Unrecognized deferred tax assets		(2,299,000)		(1,819,000)
Net deferred tax liability	$	-	$	-

(Expressed in Canadian Dollars)

13. INCOME TAX (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have been included on the statement of financial position are as follows:

		2023	Expiry Date Range		2022	Expiry Date Range
Temporary differences						
Share issuance costs	$	1,909,000	2043 to 2047	$	2,617,000	2042 to 2045
Non-capital losses available for future periods	$	6,708,000	2039 onwards	$	4,219,000	2039 onwards
Canada	$	5,374,000	2039 to 2042	$	2,969,000	2039 to 2042
Chile	$	1,334,000	Indefinite	$	1,250,000	indefinite

Tax attributes are subject to review and potential adjustment by tax authorities.

14. SUBSEQUENT EVENTS

On February 9, 2024, the Company completed a business combination involving TCP1 Corporation ("TCP1") and 1000723052 Ontario Corporation, a newly incorporated, wholly owned subsidiary of the Company (the "Business Combination"). Pursuant to the Business Combination, the Company acquired all of the issued and outstanding common shares of TCP1 in exchange for common shares of the Company, resulting in the reverse takeover of the Company by TCP1. To effect the Business Combination, the following transactions occurred:

- the Company consolidated its issued and outstanding shares on a 6 for 1 basis resulting in the number of outstanding common shares being 5,990,081;
- the Company issued a total of 37,916,849 common shares to shareholders of TCP1;
- the Company issued 2,843,823 common shares to holders of "in-the-money" TCP1 stock options;
- the Company issued a total of 1,157,428 common shares in satisfaction of a TCP1 termination agreement to a director of TCP1 that required shares of TCP1 to be issued (for total of $1,250,000); and
- the Company issued 1,157,407 common shares in satisfaction of a success fee of $1,250,000 related to the Business Combination.

The Company also closed and converted the previously received subscription receipts into a total of 11,834,159 common shares (for gross proceeds of $12,780,892) and issued 92,593 common shares in satisfaction of previously received financing proceeds of $100,000. In connection with the subscription receipts financing, the Company issued 409,995 agent's warrants which are exercisable at $1.08 per common share until February 9, 2026.

The Company also issued common shares as follows: (i) 46,296 common shares ($50,000) as partial repayment of salary to an officer of the Company; (ii) 61,837 common shares ($66,784) as repayment of salary owed to an officer of the Company; and (iii) 46,297 common shares ($50,000) to repay a loan.

On February 9, 2024, the Company granted 1,425,000 stock options to acquire common shares at an exercise price of $1.26 per share and granted 700,000 RSUs, to directors, officers, employees and consultants of the Company. On March 20, 2024, 200,000 stock options exercisable at $1.33 per share were granted to an investor relations service provider.