



Lion Copper and Gold Corp.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in thousands of U.S. Dollars)

(Unaudited)

Lion Copper and Gold Corp.

Condensed Interim Consolidated Balance Sheets

As at March 31, 2024, and December 31, 2023

(Unaudited - In thousands of U.S. Dollars)

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 10,899	\$ 2,310
Other receivables		18	14
Prepaid and deposit		144	62
		11,061	2,386
Other receivables – Long term		10	10
Mineral properties	4,14	7,802	7,647
Reclamation bonds		9	9
Investment in associate	5	1,112	1,206
Right of use asset		68	-
Total assets		\$ 20,062	\$ 11,258
LIABILITIES			
Current liabilities			
Accounts payable		\$ 565	\$ 163
Accrued liabilities		99	-
Rio Tinto deposit	6	9,518	1,357
Derivative liabilities	8	698	176
Convertible debentures	8,9,13	855	3,544
Lease liabilities - current		38	-
		11,773	5,240
Lease liabilities – long term		30	-
Total liabilities		11,803	5,240
Stockholders' equity			
Share capital, no par value, unlimited common shares authorized; 382,792,710 issued and outstanding (2023 – 309,667,975)	11	108,980	105,396
Additional paid-in capital	12	24,828	24,168
Deficit		(128,920)	(126,663)
Non-controlling interest	7	3,371	3,117
Total stockholders' equity		8,259	6,018
Total liabilities and stockholders' equity		\$ 20,062	\$ 11,258

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**COMMITMENTS** (Note 15)**CONTINGENCIES** (Note 16)

Approved on behalf of the Board of Directors on May 14, 2024:

/s/ "Travis Naugle"
Chief Executive Officer

/s/ "Stephen Goodman"
President & Chief Financial Officer

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares and per share amounts)

	Note	Three months ended March 31,	
		2024	2023
Operating expenses			
Exploration expenditures	4	\$ 2,660	\$ 1,250
Rio Tinto Deposit	6	(3,218)	(1,322)
General office		101	41
Interest		94	83
Insurance		18	11
Investor relations and corporate development		12	6
Professional fees		482	242
Rent		4	4
Salaries and benefits	13	389	341
Share-based payments	12,13	660	95
Transfer agent and regulatory		38	45
Travel		23	9
Operating loss		(1,263)	(805)
Non-operating Income/(expenses)			
Fair value gain (loss) on derivative liabilities	8	680	(940)
Foreign exchange gain		(1)	-
Accretion expense	9	(111)	(74)
Gain on transfer of investment shares	5	-	22
Loss on revaluation of SAFE notes	10	-	(305)
Share of loss in associate	5	(94)	(26)
Interest and other income		86	12
Loss on conversion	9	(1,690)	-
Loss on repayment of convertible debentures	9	(5)	-
Loss on extinguishment of convertible debentures	9	(55)	-
		(1,190)	(1,311)
Net loss and comprehensive loss for the period		\$ (2,453)	\$ (2,116)
Net loss and comprehensive loss attributed to:			
Stockholders of the Company		\$ (2,257)	\$ (1,953)
Non-controlling interest	7	\$ (196)	\$ (163)
loss per share, basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding - basic & diluted		329,761,311	309,567,975

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares)

	Notes	Common shares	Share capital	Additional paid-in capital	Deficit	Non-controlling interest	Total stockholders' equity
Balance at December 31, 2022		309,567,975	\$ 105,384	\$ 23,043	\$ (121,834)	\$ 388	\$ 6,981
Share-based payments	12	-	-	95	-	-	95
Issuance of common shares of BCRC	7	-	-	-	-	3,536	3,536
Net loss for the period		-	-	-	(1,953)	(163)	(2,116)
Balance at March 31, 2023		309,567,975	\$ 105,384	\$ 23,138	\$ (123,787)	\$ 3,761	\$ 8,496
Balance at December 31, 2023		309,667,975	\$ 105,396	\$ 24,168	\$ (126,663)	\$ 3,117	\$ 6,018
Private placement		23,809,522	654	-	-	-	654
Private placement - share issuance cost		-	(27)	-	-	-	(27)
Conversion of convertible debentures - original		3,500,000	234	-	-	-	234
Conversion of convertible debentures - induced		45,815,213	2,723	-	-	-	2,723
Share-based payments	12	-	-	660	-	-	660
Issuance of common shares of FCC	7	-	-	-	-	450	450
Net loss for the period		-	-	-	(2,257)	(196)	(2,453)
Balance at March 31, 2024		382,792,710	\$ 108,980	\$ 24,828	\$ (128,920)	\$ 3,371	\$ 8,259

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

Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Cash Flow

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows provided by operating activities		
Loss for the period	\$ (2,453)	\$ (2,116)
Non-cash transactions:		
Interest expense	94	83
Accretion expense	111	74
Fair value gain on derivative liabilities	(680)	940
Gain on transfer of investment shares	-	(22)
Share of loss of investment in associate	94	26
Wages settled through transfer of investment shares	-	33
Share-based payments	660	95
Loss on revaluation of SAFE notes	-	305
Loss on conversion of convertible debentures	1,690	-
Loss on repayment of convertible debentures	5	-
Loss on extinguishment of convertible debentures	55	-
Changes in operating assets and liabilities:		
Other receivables	(4)	(4)
Trade payables and other liabilities	501	146
Prepaid and deposit	(82)	(44)
Rio Tinto deposit	8,161	6,310
Net cash provided by operating activities	8,152	5,826
Cash flows used in investing activities		
Capitalized expenditures on mineral properties	(155)	-
Net cash used in investing activities	(155)	-
Cash flows provided by financing activities		
Proceeds from convertible debentures	-	1,306
Proceeds from SAFE notes	-	100
Proceeds from private placement	1,450	2,000
Share issuance costs	(27)	-
Repayment of convertible debentures	(831)	-
Net cash provided by financing activities	592	3,406
Increase in cash	8,589	9,232
Cash, beginning of period	2,310	1,365
Cash and cash equivalents, end of period	\$ 10,899	\$ 10,597
Supplemental cash flow information		
Shares issued for conversion of SAFE notes	-	1,536
Shares issued for convertible debentures	2,957	-

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

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion Copper and Gold Corp. (together with its subsidiaries, "Lion CG" or the "Company") is a Canadian-based Company advancing its flagship copper assets at Yerington, Nevada through an option to earn-in agreement with Nuton LLC, a Rio Tinto venture. The Company is incorporated in British Columbia, Canada. Its registered and records offices are located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8. On November 22, 2021, the Company changed its name from Quaterra Resources Inc. to Lion Copper and Gold Corp. The shares of the Company commenced trading under the new name at the open of trading on November 23, 2021. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LEO" and trades on the OTCQB Market under the symbol "LCGMF".

The Company acquires its mineral properties through option or lease agreements and capitalizes all acquisition costs related to the properties. The underlying value of the amounts recorded as mineral properties does not reflect current or future values. The Company's continued existence depends on discovering economically recoverable mineral reserves and obtaining the necessary funding to complete the development of these properties.

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from the date of approval of these condensed interim consolidated financial statements from the Board of Directors. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the three months ended March 31, 2024, the Company incurred a net loss of \$2,453 (2023 – \$2,116). As at March 31, 2024, the Company had cash and cash equivalents of \$10,899 (December 31, 2023 - \$2,310), working capital deficit of \$712 (December 31, 2023 – \$2,854) and an accumulated deficit of \$128,920 (December 31, 2023 - \$126,663).

The Company continues to incur losses, has limited financial resources, and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of or eliminate one or more of its exploration programs or relinquish some or all of its rights under the existing option and acquisition agreements. The above factors give rise to material uncertainties that cast substantial doubt on the Company's ability to continue as a going concern.

If the going concern assumptions were not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses, and the consolidated balance sheet classifications used. Such adjustments could be material.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

2. BASIS OF PRESENTATION

Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are expressed in U.S. dollars. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions were eliminated upon consolidation.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and can affect those returns through its control over that entity. All material intercompany transactions, balances and expenses are eliminated on consolidation.

The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. The interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

These condensed interim consolidated financial statements include the financial statements of Lion Copper and Gold Corp., and its subsidiaries:

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

Subsidiaries	Percentage ownership		Country of incorporation
	March 31, 2024	December 31, 2023	
Quaterra Alaska Inc. ("Quaterra Alaska")	100.0%	100.0%	USA
Singatse Peak Services, LLC ("SPS")	100.0%	100.0%	USA
Falcon Copper Corp ("FCC") (Formerly Blue Copper Resources Corp ("BCRC"))	46.17%	47.7%	USA
Blue Copper LLC	46.17% indirect through FCC	47.7% indirect through FCC	USA
Blue Copper Royalties LLC ("BCR LLC")	48.8%	48.8%	USA
Falcon Services, LLC (FSL)	46.17% indirect through FCC	47.7% indirect through FCC	USA

On December 13, 2022, Quaterra Alaska assigned and transferred 100% of its outstanding interest held in Blue Copper LLC to FCC.

On August 25, 2023, BCR LLC was incorporated and on September 6, 2023, FCC carried out a re-organization of its assets and capital structure through an assignment transaction with BCR LLC. The Company assessed the impact of the re-organization and concluded the Company still has control over BCR LLC. As such, the re-organization is a transaction between entities under common control and the assets transferred are accounted for at their carrying values. See Notes 4 and 7.

On December 13, 2023, Falcon Services, LLC was incorporated with FCC being the sole shareholder.

For partially owned subsidiaries, the interest attributable to non-controlling stockholders is reflected in non-controlling interest. The Company has assessed control for any entity with less than 50% ownership and has concluded the Company has control (Note 7).

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

In preparing these condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies. In preparing these condensed interim consolidated financial statements, the significant estimates and critical judgments were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2023, other than noted below;

During the three months ended March 31, 2024, the Company's ownership in BCRC dropped from 48.8% to 46.17% and management assessed control exists and continues to consolidate BCRC as at March 31, 2024. In the absence of majority holdings, the Company will continue to consolidate BCRC as the Company has representation on the board of directors, and management of BCRC and the Company is shared.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES

Total mineral property acquisition costs are listed in the table below:

	Singatse Peak Services ("SPS")				Lion CG ("LCG")	Falcon Copper Corp (formerly Blue Copper Resources Corp) ("FCC")						
						Schell Creek Project						
(In thousands of U.S. dollars)	MacArthur	Yerington	Bear	Wassuk	Copper Canyon	Chaco Bear & Ashton	Blue Copper	Cabin	Muncy	Pioneer	Groundhog	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance December 31, 2022	2,489	1,195	1,575	1,405	-	602	618	-	-	-	-	7,884
Acquisition costs	-	-	231	-	10	-	260	-	95	-	-	596
Impairment	-	-	-	-	-	(602)	-	-	-	-	-	(602)
Paid by Rio Tinto	-	-	(231)	-	-	-	-	-	-	-	-	(231)
Total additions (disposals) for the year	-	-	-	-	10	(602)	260	-	95	-	-	(237)
Balance December 31, 2023	2,489	1,195	1,575	1,405	10	-	878	-	95	-	-	7,647
Acquisition costs	-	-	1	-	-	-	150	-	5	-	-	156
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Paid by Rio Tinto	-	-	(1)	-	-	-	-	-	-	-	-	(1)
Total additions for the period	-	-	-	-	-	-	150	-	5	-	-	155
Balance March 31, 2024	2,489	1,195	1,575	1,405	10	-	1,028	-	100	-	-	7,802

The Company owns a 100% interest in the MacArthur and Yerington properties and has an option to earn a 100% interest in the Bear and Wassuk properties in Nevada. During the year ended December 31, 2023, the Company terminated its option to earn a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

During the three months ended March 31, 2024, and year ended December 31, 2023, the Company:

- On April 18, 2023, FCC entered into a lease for a Montana property and paid an initial cash payment of \$200 which is capitalized in Blue Copper Project. Under the lease agreement, the following payments are required:
 - \$150 to be paid on the first anniversary of the agreement (Paid);
 - \$225 to be paid annually on each of the second through nineteenth anniversaries of the agreement;
 - \$450 to be paid on the twentieth anniversary of the agreement.
- On May 12, 2023, FCC made a payment of \$60 for the Freedom and Cyclone claims in Montana which is capitalized in Blue Copper Project.
- On June 1, 2023, Lion CG and Houston terminated the option agreement surrounding the Chaco Bear and Ashton Properties and recorded impairment of \$602. (Note 4, (e))
- On August 21, 2023, SPS acquired the Copper Canyon Prospect. The terms of the acquisition require SPS to pay the BLM claim fees and reimburse Convergent Mining LLC 5% of SPS's future exploration costs up to a maximum of \$100. (Note 4, (d))
- On September 6, 2023, FCC carried out a re-organization of its assets and capital structure by transferring the Butte Valley Royalty and the Nieves Royalty assets to Blue Copper Royalties, LLC. (Note 7)
- On November 22, 2023, FCC entered into an Option to Joint Venture Agreement with Kennecott Exploration Company, a Rio Tinto corporation, granting FCC the sole and exclusive right and option to acquire 100% interest in the Muncy Property and other Muncy Assets equal to the Option Amount. (Note 4, (k))

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

Total exploration expenditures recorded on the condensed interim consolidated statements of operations and comprehensive Loss are listed in the tables below:

Exploration expenditures incurred for the three months ended March 31, 2024

	Singatse Peak Services						Falcon Copper Corp							
	<u>Schell Creek Project</u>													
(In thousands of U.S. dollars)	MacArthur	Yerington	Bear	Wassuk	Prospects	Copper Canyon	Blue Copper	Cabin	Muncy	Pioneer	Groundhog	Recon	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Property maintenance	-	157	-	-	-	-	37	-	-	-	-	-	194	
Assay & Labs	40	53	1	-	-	-	-	-	-	-	-	-	94	
Drilling	350	524	903	-	-	-	-	-	-	-	-	-	1,777	
Environmental	21	201	-	-	-	-	-	-	-	-	-	-	222	
Geological & mapping	-	-	-	-	-	-	-	-	-	-	-	-	-	
Geophysical surveys	-	40	1	-	-	-	-	-	2	-	-	-	43	
Technical study	-	285	-	-	-	-	-	-	-	-	-	-	285	
Field support	-	-	11	-	-	-	19	-	-	1	13	1	45	
Total expenses incurred	411	1,260	916	-	-	-	56	-	2	1	13	1	2,660	
Total Expenditures funded by Rio Tinto	(411)	(1,260)	(916)	-	-	-	-	-	-	-	-	-	(2,587)	
Total Expenditures funded by Lion CG	-	-	-	-	-	-	56	-	2	1	13	1	73	

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

Exploration expenditures incurred for the three months ended March 31, 2023

	Singatse Peak Services				Lion CG	Blue Copper Resources Corp						
						<u>Schell Creek Project</u>						
(In thousands of U.S dollars)	MacArthur	Yerington	Bear	Wassuk	Chaco Bear & Ashton	Blue Copper	Cabin	Muncy	Arizona	Groundhog	Recon	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property maintenance	8	5	-	-	-	44	-	-	-	-	-	57
Assay & Labs	-	7	-	-	-	-	-	-	-	-	-	7
Drilling	196	-	379	-	-	-	-	-	-	-	-	575
Environmental	5	33	-	-	-	-	-	-	-	-	-	38
Geophysical surveys	-	-	-	-	-	24	4	-	-	-	52	80
Technical study	-	378	-	-	-	-	-	-	-	-	-	378
Field support	-	-	6	-	-	66	36	-	7	-	-	115
Total expenses incurred	209	423	385	-	-	134	40	-	7	-	52	1,250
Total Expenditures funded by Rio Tinto	(209)	(423)	(385)	-	-	-	-	-	-	-	-	(1,017)
Total Expenditures funded by Lion CG	-	-	-	-	-	134	40	-	7	-	52	233

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

a) MacArthur and Yerington Properties, Nevada

Located in the historic copper district of Yerington, Nevada, the Company's Yerington Mine and MacArthur properties are 100% owned by Singatse Peak Services LLC, a wholly-owned subsidiary of Lion CG.

The MacArthur Project consists of 902 unpatented lode claims and 8 placer claims totaling approximately 18,800 acres on lands administered by the U.S. Department of Interior - Bureau of Land Management (BLM).

The MacArthur Project is subject to a 2% net smelter return royalty ("NSR") upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,000.

The Yerington Mine Property covers approximately 11 square miles centered on the former Anaconda open pit copper mine. This includes 2,768 acres of fee simple parcels and patented mining claims as well as 208 unpatented lode and placer claims totaling approximately 4,300 acres on lands administered by the BLM.

The Yerington Mine Property is subject to a 2% NSR upon commencing commercial production. The total lifetime royalty is capped at \$7,500.

On July 23, 2021, the Company received a notice from the State of Nevada that three water rights permits had been forfeited. Further, the application for an extension of time to prevent forfeiture of a fourth certificate was denied. On August 20, 2021, the Company filed a Petition for Judicial Review of the Forfeiture Notice and has retained legal counsel to undertake the appeal process. SPS subsequently filed and was granted a Stay of the Forfeiture Notice on September 15, 2021. SPS filed its Opening Brief on March 28, 2022. The State Engineer filed its Answering Brief on July 8, 2022. SPS filed its Reply Brief on August 25, 2022. A hearing regarding the status of the forfeiture appeal was held in the Third Judicial Court District in Lyon County on November 4, 2022. On December 6, 2022, the Judge remanded the case back to the State for further written findings based on issues raised at the hearing.

On August 30, 2023, SPS received written notice from the Nevada State Engineer in response to the Remand Order that the three water rights applications for Extensions of Time were denied and declared forfeited. The fourth certificate was not forfeited although the Extension of Time has not yet been approved.

On September 28, 2023 SPS simultaneously timely filed an Amended Petition for Review and a Complaint for Equitable Relief with the Third Judicial District Court in Lyon County, Nevada seeking judicial relief from the August 30 Forfeiture Notice. On October 10, 2023, the Judge signed an order granting a Stipulated Stay of the August 30, 2023 Forfeiture Notice while the appeal process is ongoing. A hearing regarding both legal paths described above is tentatively scheduled for January 2025.

Just as SPS did with the initial forfeiture decision that was remanded by the Court, SPS continues to diligently defend against the wrongful forfeiture of its water rights with clear evidence of the need for those water rights in mine remediation, production and reclamation.

Refer to note 4(g) for updates on the Rio Tinto programs of work.

Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

b) Bear Deposit, Nevada

The Bear deposit consists of approximately 2,300 acres of private land located to the northeast of the Yerington Mine Property, plus several hundred acres beneath the Yerington Mine property.

The Company has five option agreements, entered from March 2013 to May 2015, to acquire a 100% interest in private lands covering the Bear deposit. Under the terms of these option agreements, as amended, the Company is required to make \$5,988 in cash payments over 15 years (\$5,454 paid) to maintain the exclusive right to purchase the land, mineral rights, and certain water rights and to conduct mineral exploration on these properties. Two of the properties are subject to a 2% NSR upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,250 total.

Outstanding payments to keep the option agreements current are as follows, by year:

- \$131 due in 2024 (\$1 paid)
- \$404 due in years 2025 to 2028.

Outstanding consideration payments to purchase the property under the five option agreements are as follows:

- \$1,250 for Taylor, purchase option expiring April 4, 2025
- \$250 for Chisum, purchase option has no expiration date, \$50 per year payment required for continuation
- \$5,000 for Yerington Mining, purchase option expiring in Q4 2024
- Circle Bar N purchase option:
 - On or before June 15, 2025: \$12,000
 - June 16, 2025 – June 15, 2026: \$13,000
 - June 16, 2026 – June 15, 2027: \$14,000
 - June 16, 2027 – June 15, 2028: \$15,000
 - June 16, 2028 – June 15, 2029: \$16,000
- \$22,770 for Desert Pearl Farms, purchase option expiring in 2029.

Refer to note 4(g) for updates on the Rio Tinto programs of work.

c) Wassuk, Nevada

The Wassuk property consists of 310 unpatented lode claims totaling approximately 6,400 acres on lands administered by the BLM.

The Company fulfilled the purchase option on January 14, 2023.

The property is subject to a 3% NSR upon commencing commercial production, which can be reduced to a 2% NSR royalty in consideration of \$1,500.

Refer to note 4(g) for updates on the Rio Tinto programs of work.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

d) Copper Canyon, Nevada

On August 21, 2023, the Company entered into a Purchase and Sale Agreement with Convergent Mining, LLC, whereby the Company purchased the title to the Copper Canyon claims from Convergent Mining, LLC upon closing of agreement. As consideration, the Company paid \$10 in necessary claim fees. Further, the Company will be required to pay an exploration fee to Convergent Mining, LLC calculated as the 5% of the first \$2,000 of qualifying exploration costs, not exceeding \$100.

The Copper Canyon Property does not constitute a Mining Asset applicable to the Company's Rio Tinto Agreement.

e) Chaco Bear and Ashton Properties, British Columbia

On August 25, 2021, the Company entered into a non-binding letter of intent with Houston Minerals Ltd. setting forth the terms of an option whereby the Company may acquire a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

On June 1, 2023, Lion CG and Houston terminated the option agreement surrounding the Chaco Bear and Ashton properties. As at March 31, 2024, and December 31, 2023, Lion CG impaired the full balance of property and recognized \$602 in impairment expense.

f) Prospects

During the three months ended March 31, 2024, the Company, through Singatse Peak Services, incurred \$nil (during the year ended December 31, 2023 - \$366) in evaluation expenditures, which was covered by Rio Tinto, on other prospects in order to determine whether they warranted further pursuit.

g) Option to Earn-in Agreement with Rio Tinto

On March 18, 2022, the Company entered into an Option to Earn-in Agreement with Rio Tinto (now "Nuton LLC") to advance studies and exploration at Lion CG's copper assets in Mason Valley, Nevada (the "Rio Tinto Agreement"). Under the agreement, Rio Tinto has the exclusive option to earn a 65% interest in the assets comprising Yerington, MacArthur, Wassuk, Bear, and associated water rights (the "Mining Assets").

In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton™ technologies at the site. Nuton™ offers copper heap leaching technologies developed by Rio Tinto to deliver greater copper recovery from mined ore and access new sources of copper such as low-grade sulphide resources and reprocessing of stockpiles and mineralized waste. The technologies have the potential to deliver leading environmental performance through more efficient water usage, lower carbon emission, and the ability to reclaim mine sites by reprocessing waste.

On April 27, 2022, the Company TSX Venture Exchange approved the Rio Tinto Agreement.

Lion Copper and Gold Corp.

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For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

4. MINERAL PROPERTIES (continued)

g) Option to Earn-in Agreement with Rio Tinto (Continued)

The status of the Rio Tinto Agreement is set out below.

Stage 1

Rio Tinto paid four million U.S. dollars (\$4,000) for the agreed-upon Program of Work on the Mining Assets. Stage 1 was deemed completed on December 22, 2022 (Note 6).

Stage 2

Within forty-five (45) days of the completion of Stage 1, Rio Tinto was to provide notice to Lion CG whether Rio Tinto elected to proceed with Stage 2 (notice was provided), upon which Rio Tinto was to pay up to \$5,000 for agreed-upon Mason Valley study and evaluation works to be completed by Lion CG within 12 months from the date that the parties agree upon the scope of Stage 2 work (\$7,500 paid January 13, 2023, representing \$5,000 for Stage 2 and \$2,500 for Stage 3 in which some of the work has started for Stage 3 and a portion of the deposit has been used).

On October 5, 2023, an amendment was signed for the modification of the Stage 2 Program of Work. The significant updates are related to the following:

- The term of Stage 2 of the Option Agreement has an end date of January 12, 2024. The Parties extend that end date by 9 months, to September 12, 2024 to continue study work, including testing and evaluation of the Nuton Technologies.
- Subject to internal approvals, Nuton LLC ("Nuton"), on behalf of Rio Tinto, will advance \$10,000 of the Stage 3 Earn-In Not to Exceed Amount to Lion CG for the Stage 2b Program of Work within 30 days of completion of Stage 2a (Stage 2a is defined as the Stage 2 Program of Work activities performed up until January 12, 2024).
- Should the Parties agree that Stage 2c is necessary, the Parties will memorialize the scope of work in a letter agreement. Subject to internal approvals, Nuton will advance another \$5,000 of the Stage 3 Earn-In Not to Exceed Amount to Lion CG within 30 days of the execution of the Stage 2c Program of Work Agreement.
- The Parties agree that Lion CG may allocate \$50 per month for its corporate G&A expenses from the funds paid under the payments above (if any) and such allocation will be detailed in the relevant Program of Work Agreement(s).

Stage 3 - Feasibility Study

Within sixty (60) days of the completion of Stage 2, Rio Tinto shall provide notice to Lion CG whether Rio Tinto will exercise its Option and fund a Feasibility Study based on the results of the Stage 1 and Stage 2 Programs of Work. Rio Tinto will fully-fund the Feasibility Study and ancillary work completed by Lion CG in amount, in aggregate of Stages 1 through 3, not to exceed \$50,000.

Investment Decision

Upon completion of the Feasibility Study, Rio Tinto and Lion CG will decide whether to create an investment vehicle into which the Mining Assets will be transferred, with Rio Tinto holding not less than a 65% interest in the investment vehicle.

- If Rio Tinto elects to not to create the investment vehicle, then Lion CG shall grant to Rio Tinto a 1.5% NSR on the Mining Assets.
- If Rio Tinto elects to create the investment vehicle but Lion CG elects not to create the investment vehicle, then, at Rio Tinto's option, Lion CG shall create the investment vehicle and Rio Tinto will purchase Lion CG's interest in the investment vehicle for fair market value.

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4. MINERAL PROPERTIES (continued)

g) Option to Earn-in Agreement with Rio Tinto (Continued)

Project Financing

- Following the formation of the investment vehicle, any project financing costs incurred will be funded by Rio Tinto and Lion CG in proportion to their respective ownership interest in the investment vehicle.
- Rio Tinto may elect to fund up to sixty million U.S. dollars (\$60,000) of Lion CG's project financing costs in exchange for a 10% increase in Rio Tinto's ownership percentage. In addition, upon mutual agreement of Rio Tinto and Lion CG, Rio Tinto may fund an additional forty million U.S. dollars (\$40,000) of Lion CG's project financing costs in exchange for an additional 5% increase in Rio Tinto's ownership percentage.
- If Lion CG's ownership percentage in the investment vehicle is diluted to 10% or less, then Lion CG's ownership interest will be converted into a 1% uncapped NSR.

On May 15, 2022, Rio Tinto approved the Stage 1 Program of Work and provided \$4,000 to the Company for the development of the Mason Valley projects, which has been completed as of December 31, 2022. The remaining funds of the \$4,000 will be spent per agreement with Rio Tinto in 2023 for Stage 2 (Note 6).

On March 20, 2023, the Company and Rio Tinto formally agreed to proceed with the Stage 2 Program of Work and an advance on the Stage 3 Program of Work (Note 6).

On January 4, 2024, \$11,500 was received from Rio Tinto relating to the Stage 2b and the Stage 3 Programs of Work. The Company completed the Stage 2a Program of Work on January 12, 2024.

h) Butte Valley Prospect, Nevada

On January 26, 2022, the Company entered into a property acquisition agreement to sell and assign its options to acquire the Butte Valley property to Falcon Butte Minerals Corp. (formerly 1301666 B.C. Ltd, or "Falcon Butte.") which is a private British Columbia company established to acquire mineral resource properties.

Pursuant to the agreement, Lion CG's 100% owned subsidiary Quaterra Alaska received \$500 and was granted an equity position in Falcon Butte and provided a 1.5% NSR on each of the Butte Valley optioned properties (Nevada Select and North Exploration), subject to a buy-down to a 1.0% NSR in exchange for a payment of \$7,500 for each of the optioned properties.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley Property and the Company received 16,049,444 common shares of Falcon Butte with a fair value of \$1,906 and \$500 cash for the property, resulting in a gain on sale of \$2,207 (Notes 5, 13).

On April 13, 2022, the Company amended the assignment agreement. Pursuant to the addendum Falcon Butte had the option to pay a total of \$500 in exchange for a 0.5% buy-down and retirement of certain NSRs held by the Company. During the year ended December 31, 2022, the full consideration of \$500 was received.

On December 13, 2022, the Butte Valley Royalty rights were transferred from Quaterra Alaska to FCC (Note 7).

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4. MINERAL PROPERTIES (continued)

FALCON COPPER CORP

i) Blue Copper Project, Montana

During the year ended December 31, 2021, Blue Copper LLC acquired and staked a district scale exploration opportunity (the "Blue Copper Project") in Powell County and Lewis & Clark County in Montana, USA. The area is prospective for high grade porphyry copper-gold mineralization.

On December 13, 2022, Quaterra Alaska's interest in Blue Copper LLC was transferred to FCC (Note 7).

On October 28, 2022, prior to transaction in Note 7, Blue Copper LLC entered into a mining lease agreement with Snowshoe Creek LLC ("Snowshoe"), a Montana limited liability company owned by the CEO of the of the Company. Pursuant to the Agreement, Snowshoe leases the property, including the patented mining claims on the Arnold, Snowbird and Montana, to Blue Copper LLC for a term of 20 years and extendable on the sole decision of Blue Copper LLC.

As consideration, 15,000,000 preferred stock in FCC was issued to the CEO of the Company.

The transaction was measured using the fair value of the asset received as the cost was more clearly evident. The fair value of the asset received was calculated using the original cost incurred to acquire the property and was determined to be \$500.

A Plan of Operations for exploration of the Blue Copper Project is currently under review for approval by the relevant agencies.

j) Cabin Property, Nevada

In 2023, FCC staked approximately 9,000 acres of federal mining claims in White Pine County, Nevada, the area of interest which is termed Cabin. The Cabin Property represents a potential major copper-moly porphyry discovery concealed beneath the Spring Valley pediment within a district-scale BLM land package, located immediately north of the Muncy Property.

k) Muncy Property, Nevada

On November 22, 2023, FCC entered into an Option to Joint Venture Agreement with Kennecott Exploration Company ("Kennecott"), a Rio Tinto subsidiary.

Pursuant to the agreement, Kennecott grants FCC the sole and exclusive right and option to acquire 100% interest in the Muncy Property. To exercise this option, FCC must satisfy the following:

- pay the payment commitment of \$95 to Kennecott on or before the effective date of November 22, 2023 (Paid);
- pay an additional payment commitment of \$5 by February 18, 2024 (Paid);
- pay an additional payment commitment of \$51 by July 1, 2024;
- incur expenditures of \$1,500 with respect to the Muncy Property and \$1,000 with respect to the Cabin Property on or before the expenditure commitment date of November 22, 2025;
- ensure that no less than 70% of the expenditure commitment for the Muncy Property consists of drilling expenses for the Muncy Property;
- ensure that no less than 70% of the expenditure commitment for the Cabin Property consists of drilling expenses for the Cabin Property.

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4. MINERAL PROPERTIES (continued)

k) Muncy Property, Nevada (continued)

If FCC decides to terminate the option at any time, they will grant Kennecott a 2.0% net smelter royalty in the Cabin Property. After this is done, the agreement, except for specified sections, will terminate.

If Kennecott elects not to form a joint venture, Kennecott must transfer all their rights in the Muncy Property to the FCC. In return, FCC will grant the optionor a 2.0% net smelter royalty (NSR) in the Properties. Before FCC decides to develop a commercial mining operation on any portion of the Properties, FCC has the right to reduce the net smelter royalty (NSR) from 2.0% to 1.0% by paying the optionor \$10,000 in cash.

A Plan of Operations for exploration of the Muncy Property is currently under review for approval by the relevant agencies.

l) Pioneer, Arizona

In 2023, FCC staked an approximate 1,300 acre covered target area prospective for high grade primary or enriched porphyry copper mineralization located within Arizona's prolific and within 10 miles of the Resolution & Ray mines.

m) Groundhog, Alaska

On April 20, 2017, the Company entered a lease with option to purchase agreement with Chuchuna Minerals Company ("Chuchuna") to earn a 90% interest in the Groundhog copper prospect, located two hundred miles southwest of Anchorage, Alaska.

The Groundhog claims cover the northern extension of a structural zone that hosts a number of porphyry copper-gold prospects. To earn the 90% interest, the Company must fund a total of \$5,000 (\$2,839 funded) of exploration expenditures and make a lump sum payment to Chuchuna of \$3,000 by the end of April 20, 2024. During the year ended December 31, 2021, the lease agreement was further extended from six to seven years, providing the Company more time to make the required exploration expenditures and lump sum payment. The Company can terminate the Agreement at its discretion.

The property is subject to a 1.75% NSR upon commencing commercial production, which can be reduced to a 0.875% NSR royalty in consideration of \$25,000.

On December 13, 2022, the Groundhog property was transferred from Quaterra Alaska to FCC (Note 7).

n) Recon, Nevada, Arizona, and other prospects

During the three months ended March 31, 2024, FCC incurred \$17 in evaluation expenditures on reconnaissance on its Nevada, and Arizona properties in order to determine whether they warranted further pursuit.

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Notes to the Condensed Interim Consolidated Financial Statements

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5. INVESTMENT IN ASSOCIATE

On April 5, 2022, the Company received 16,049,444 shares in Falcon Butte, in connection with a property acquisition agreement to assign the Company's options to acquire the Butte Valley property (Note 4). At the time of acquisition, the 16,049,444 shares represented 25.54% of shares outstanding, and as at March 31, 2024, and December 31, 2023, the Company's share ownership was reduced to 20.48%. The Company and Falcon Butte have one common director and managerial personnel, as such, management has assessed that the Company has significant influence over Falcon Butte and that the investment should be accounted for using the equity method of accounting.

The initial balance of the investment was determined to be \$1,906 (\$2,374 CAD), which represents the fair value of the shares received. The value of the shares was determined based on Falcon Butte's unit financing that closed concurrently with the property acquisition using Goal Seek analysis to determine the value of the shares. This analysis required various estimates such as volatility, which was estimated to be 100%, and discount rate estimated to be 0.02%.

On February 24, 2023, the Company transferred 116,071 shares of Falcon Butte to the CEO of the Company, pursuant to amended terms of the CEO's employment agreement. The cost value of the shares associated with the transfer was determined to be \$11 and a gain of \$22 was recorded on the transaction.

Summarized financial information of Falcon Butte and a reconciliation of the carrying amount of the investment in the condensed interim consolidated financial statements are set out below:

Summarized balance sheet:

(Expressed in thousands of U.S. Dollars)

	March 31, 2024	December 31, 2023
Assets		
Cash	\$ 1,346	\$ 1,375
Receivables	10	10
Prepays & deposits	52	54
Exploration and evaluation assets	2,841	2,904
Total Assets	\$ 4,249	\$ 4,343
Liabilities		
Accounts payable & accrued liabilities	\$ 68	\$ 70
Freeport deposit	389	397
Derivative liabilities	479	490
Total Liabilities	\$ 936	\$ 957

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

5. INVESTMENT IN ASSOCIATE (continued)

Summarized statement of loss

(Expressed in thousands of U.S. Dollars)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating expenses		
General and administrative expenses	\$ 1,052	\$ 235
Total operating expenses	1,052	235
Gain on settlement of debt	-	-
Fair value (gain) loss on derivative liability	(251)	(39)
Other income	(250)	(66)
Foreign exchange loss (gain)	(93)	7
Net loss (income)	\$ 458	\$ 137

A continuity of the Company's investment in associate is as follows:

Balance December 31, 2022	\$ 1,504
Transfer of shares to the CEO	(10)
Company's share of net loss	(288)
Balance December 31, 2023	\$ 1,206
Company's share of net loss	(94)
Balance March 31, 2024	\$ 1,112

6. RIO TINTO DEPOSIT

On May 15, 2022, the Company received \$4,000 in connection to Stage 1 of the option to Earn-in Agreement with Rio Tinto America Inc (Note 4 (g)). The Company and Rio Tinto America mutually agreed on the Stage 1 Program of Work and the balance of the deposit will be applied against the Company's Yerington, MacArthur, Wassuk property, and Bear mineral properties as work progresses. On December 22, 2022, the Stage 1 Program of Work was deemed to be completed. Subsequently, on March 20, 2023, the Company and Rio Tinto formally agreed to proceed with the Stage 2 Program of Work.

On January 13, 2023, the Company received \$7,500 from Rio Tinto America comprising of \$5,000 for Stage 2 Program of Work and \$2,500 as an immediate advance on part of the Stage 3 financing to be applied against the Company's MacArthur, Yerington, Bear, and Wassuk properties (Notes 4(g)).

On January 4, 2024, the Company received \$11,500 from Nuton LLC comprising of \$10,000 for Stage 2b Program of Work and \$1,500 as an immediate advance on part of the Stage 3 financing to be applied to exploration on the Bear Deposit (Notes 4(g)).

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

6. RIO TINTO DEPOSIT (continued)

A continuity of the Company's Rio Tinto deposit is as follows:

Balance December 31, 2022	\$	613
Proceeds received		7,500
Funds applied to reclamation deposit		(9)
Funds applied to capitalized acquisition costs (Note 4)		(231)
Funds applied to exploration expenditures		(4,739)
Funds applied to general operating expenditures		(1,777)
Balance December 31, 2023	\$	1,357
Proceeds received		11,500
Amount applied to prepaids		(120)
Funds applied to capitalized acquisition costs (Note 4)		(1)
Funds applied to exploration expenditures (Note 4)		(2,587)
Funds applied to general operating expenditures		(631)
Balance March 31, 2024	\$	9,518

7. NON-CONTROLLING INTEREST

On December 13, 2022, Quaterra Alaska assigned and transferred all right, title and interest in the Groundhog property, Butte Valley Royalty, 100% of the outstanding membership interest held in Blue Copper LLC, and the interest in the Nieves project to FCC.

As consideration, on the date of transfer of assets to FCC, Quaterra Alaska was issued 57,513,764 common shares of FCC which represented 79.3% of all issued and outstanding shares at December 13, 2022. This transaction was considered a transaction between entities under common control, and thus was recorded at carrying value.

On March 2, 2023, FCC completed a financing of \$2,000 by way of a private placement and issued 23,809,524 units at a price of \$0.084 per share. Each unit consists of one common share, and one common share purchase warrant exercisable at \$0.15 for a period of 1 year.

In addition, the private placement was considered a "triggering event" for Simple Agreements for Future Equity ("SAFE Notes"). FCC had previously raised \$868 in SAFE Notes and were converted into equity of FCC, resulting in FCC issuing an additional 21,629,382 common shares.

On September 6, 2023, FCC, carried out a re-organization of its assets and capital structure (the transaction described herein is referred to as the "Reorganization"). On August 25, 2023, a new entity, BCR LLC was organized in Wyoming. BCR LLC subsequently adopted an Operating Agreement that provided for issuance of LLC Interests to its Members in the same amounts as shares issued to Shareholders of FCC. On September 6, 2023, two of the mining assets, referred to as the Butte Valley Royalty and the Nieves Royalty, that had been held by FCC were assigned to BCR LLC in exchange for 100% of the issued and outstanding LLC Interests of BCR LLC. The Nieves Royalty may only be transferred with the written consent of a third party which was received October 23, 2023 resulting in the Nieves property transferring immediately. The same LLC interests were immediately distributed pro rata to the shareholders of FCC. Furthermore, FCC had previously issued Warrants to purchase 7,936,508 (total of 23,809,524 common share purchase warrants) shares of Common Stock of FCC at a Warrant Price of \$0.1500 per Share. As part of the Reorganization, these Warrants were exchanged by the Warrant Holders for two new Warrants; one issued by FCC to purchase 7,936,508 Shares of FCC at a Warrant Price of \$0.1332 per Share, and the other issued by BCR LLC to purchase 7,936,508 LLC Units of BCR LLC at a Warrant Price of \$0.0168 per LLC Unit. The exchange transaction was accounted for under ASC 815 whereby the effect of the exchange was measured as the excess of

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7. NON-CONTROLLING INTEREST (continued)

the fair value of the exchanged warrant over the fair value of the warrant immediately before it is exchanged. Using this method, the effect of the exchange was calculated to be \$Nil. As a result of the Reorganization and the issuance and distribution of these LLC Interests, each shareholder of FCC holds the same percentage interest in FCC as the shareholders holds in BCR LLC. Additionally, the Warrant Holders now holds two Warrants, one issued by each of FCC and BCR LLC, with the aggregate value of the two warrants equal to the aggregate value of the Warrant that they held prior to the exchange. The net effect is that the capital structure of BCR LLC matches the capital structure of FCC, including the issuance of new Warrants, and the Butte Valley Royalty and Nieves Royalty are now held by BCR LLC rather than FCC.

On October 17, 2023, FCC issued 2,750,000 common shares at a price of \$0.10 per common share for total proceeds of \$275.

During the three months ended March 31, 2024, FCC completed the following private placements at \$0.116 per common share for total gross proceeds of \$450:

- On February 5, 2024, FCC issued 2,586,207 common shares
- On February 27, 2024, FCC issued 862,069 common shares
- On March 29, 2024, FCC issued 431,034 common shares

At March 31, 2024, the Company held 46.17% of shares in FCC. In the absence of majority holdings, the Company will continue to consolidate FCC as the Company has majority representation on the board of directors, and management of FCC and the Company is shared.

At March 31, 2024, the Company held 48.8% of shares in BCR LLC. In the absence of majority holdings, the Company will continue to consolidate BCR LLC as the management of BCR LLC and the Company is shared, and the Company's management can control business decisions on the basis of BCR LLC.

The following table summarizes the balance recognized as NCI during the three months ended March 31, 2024, and year ended December 31, 2023:

Balance December 31, 2022	\$ 388
Issuance of common shares for conversion of SAFE notes	1,536
Issuance of common shares equity financing	2,000
Issuance of common shares	275
Net loss and comprehensive loss attributable to NCI	(1,082)
Balance December 31, 2023	\$ 3,117
Issuance of common shares	450
Net loss and comprehensive loss attributable to NCI	(196)
Balance March 31, 2024	\$ 3,371

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8. DERIVATIVE LIABILITIES

Warrants & Conversion Feature Derivative Liability

During the period ended March 31, 2024, and year ended December 31, 2023, the Company issued certain share purchase warrants and issued convertible debt with a conversion feature that are both exercisable in a currency different from the Company's functional currency (Note 9). The warrants and the conversion feature were classified as derivative liabilities, carried at fair value and revalued at each reporting date.

A continuity schedule of the Company's derivative liabilities is as follows:

Balance December 31, 2022		4
Issuance of Warrants (Note 9)		280
Issuance of convertible debentures with conversion feature (Note 9)		248
Fair value change on derivative liabilities		(356)
Balance December 31, 2023	\$	176
Issuance of warrants for private placement (Note 12)		346
Issuance of warrants upon conversion of existing debentures (Note 9)		60
Issuance of contingent warrants upon conversion of existing debentures (Note 9)		649
Issuance of warrants and conversion feature for extinguishment of existing debentures (Note 9)		55
Modification of warrants upon restructuring of debentures (Note 9)		109
Modification of conversion feature upon restructuring of debentures (Note 9)		129
Fair value change on derivative liabilities		(826)
Balance March 31, 2024	\$	698

9. CONVERTIBLE DEBENTURES

On June 17, 2022, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,075 (Note 12) ("Existing Debentures"). The debentures bear interest at a rate of 14% per annum and mature on February 17, 2024, and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the first tranche of the convertible debt financing, the Company issued 16,044,774 warrants. The warrants are exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on February 17, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. The warrants and conversion features were determined to be derivative liabilities because the exercise prices are denominated in both the functional currency of the Company and a foreign currency. Thus, the instrument fails to meet the criterion of an equity instrument that states that the instrument must be indexed to its own stock.

On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 27.90%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$143 and \$77, respectively, and the fair value allocated to the host debt component was \$855.

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9. CONVERTIBLE DEBENTURES (continued)

On July 8, 2022, the Company closed the second tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$925 (Note 12) ("Existing Debentures"). The debentures bear interest at a rate of 14% per annum and mature on March 8, 2024, and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until July 8, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the second tranche of the convertible debt financing, the Company issued 13,805,964 warrants. The warrants are exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on March 8, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 14%-27.46%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$104 and \$54, respectively, and the residual value allocated to the host debt component was \$767.

On March 2, 2023, the Company closed the third tranche of its non-brokered private placement of unsecured convertible debenture for gross proceeds of \$1,306 (Note 12) ("Existing Debentures"). The debenture bear interest at a rate of 14% per annum and mature on November 2, 2024, and are convertible into shares of the Company at \$0.070 (\$0.095 CAD) per share. The holder also has the option any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.28 (\$0.37 CAD) per Falcon Butte Share.

In conjunction with the third tranche of the convertible debt financing, the Company issued 18,461,015 warrants. The warrants are exercisable into one common share of the Company at \$0.070 (\$0.095 CAD) per share and expire on November 2, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 46.07%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were determined to be \$280 and \$248, respectively, and the residual value allocated to the host debt component was \$778.

On February 16, 2024, the Company issued 3,500,000 common shares to settle \$259 of Existing Debentures of tranche 3 with a carrying value of \$211.

Convertible Debt Restructuring

On February 16, 2024, the Company provided notice to existing holders of convertible debentures about a replacement offer with the following terms:

- Existing Debentures will be replaced with new debentures. New debentures will have, a maturity date of 12 months; bear interest at a rate of 20% per annum, non-compounding, and accrued interest may be converted into common shares of the Company at a conversion price equal to \$0.06 (C\$0.08) per share, or at the holder's option into common shares the Company owns of Falcon Butte at \$0.25

Lion Copper and Gold Corp.

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9. CONVERTIBLE DEBENTURES (continued)

(C\$0.32) per share; and one Warrant will be issued for every \$0.06 of principal New Debentures issued ("New Debentures"). Each Warrant is exercisable into one common share of the Company at an exercise price of \$0.06 (C\$0.08) for a period of 12 months from the date of issuance.

- Existing Debentures that elect not to participate in the replacement offer for New Debentures may instead convert the principal and interest of their Existing Debentures into units of the Company at \$0.045 (C\$0.06) per Unit. Each Unit will be comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.06 (C\$0.08) per share for a period of 5 years from the date of issuance.
- Existing Debentures that do not elect for either of the above offers, will have their debentures repaid in cash.

On February 16, 2024, the Company issued new convertible debentures totaling \$941 to replace the Existing Debentures with a carrying value of \$908. New Debentures holders also received 15,696,883 share purchase warrants, exercisable at \$0.06 (C\$0.08) per share which expire on February 16, 2025. These warrants were determined to be liability classified as the warrants have an exercise price in a currency other than its functional currency (Note 8, 12).

Based on the terms of the New Debentures, the convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. In this case, as the conversion option on the instrument is bifurcated both before and after the modification or exchange, the Company used the 10% cash flow test. As a result, the change in cash flows were considered not substantial for the convertible debentures issued on June 17, 2022, and July 8, 2022, and extinguishment accounting was not applied. A new effective interest rate was determined and there was no gain or loss recorded on the condensed interim consolidated statements of operations and comprehensive loss. However, the convertible debentures issued on March 2, 2023, surpassed the 10% cash flow test and as a result, the debentures were considered extinguished. A new effective interest was determined and there was a loss on extinguishment recorded on the condensed interim consolidated statements of operations and comprehensive loss.

Under ASC 815, for the convertible debentures that did not meet the 10% cash flow test, the amended conversion feature and the replacement warrants were valued using the Black Scholes model and the difference between the fair value of the original conversion feature and amended conversion feature were reflected on the condensed interim consolidated statements of operations and comprehensive loss as a gain/loss on the revaluation of the derivative liabilities. The fair value of the warrants associated with the prior debentures was recognized as a gain/loss and the fair value of the replacement warrants were deducted from the face value of the replacement debentures. For the convertible debentures that surpassed the 10% cash flow test, the fair value of the debentures at maturity were present valued using the new effective interest rate of 44.01% and the conversion feature and replacement warrants were valued using the Black Scholes model. The difference between the present value of the new debentures, conversion feature, replacement warrants and the carrying value of the prior debentures, fair value of the original conversion feature and warrants were recorded on the condensed interim consolidated statements of operations and comprehensive loss as a loss on extinguishment of \$55.

Lion Copper and Gold Corp.

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9. CONVERTIBLE DEBENTURES (continued)

On March 8, 2024, the Company issued 4,107,998 units and 41,707,215 common shares to settle \$1,924 of Existing Debenture debt with a carrying value of \$1,764. The fair value of the shares issued is \$2,723 and the fair value of the warrants issued is \$59. These warrants were determined to be liability classified as the warrants have an exercise price in a currency other than its functional currency (Note 8, 12).

Certain directors and individuals did not receive warrants with their convertible debenture settlement and will receive these warrants upon the Company's listing on the CSE ("Contingent Warrants"). The Company expects to list in the near future, therefore management concluded that the issuance of the 41,707,215 Contingent Warrants is probable. As such, the fair value of the warrants as at March 8, 2024, of \$648 was recognized as a derivative liability at issuance (Note 16).

Under ASC 815, the conversion of debt with a bifurcated conversion option should be accounted for under the debt extinguishment accounting model. Therefore, both the debt and the conversion option that is accounted for as a derivative was derecognized at their carrying amounts and the consideration transferred should be measured at its then-current fair value, with any difference recorded as a gain or loss on the extinguishment of the two separate liabilities. The Existing Debenture settlement resulting in a loss on conversion of \$1,690.

Additionally, on March 8, 2024, the Company repaid convertible debentures of a total of \$831 in cash with a loss of \$5.

The fair value of the warrants and conversion features were determined using the Black-Scholes Option Pricing Model using the assumptions set out as follows:

	Initial recognition in 2023	Fair value at December 31, 2023	Initial recognition in 2024	Fair value at March 31, 2024
Risk-free interest rate	4.27%	3.91%	4.07 - 4.41%	4.20%
Expected volatility	10%	10%	10%	13%
Dividend yield	0%	0%	0%	0%
Expected life	1.67 years	0.13 – 0.84 years	1 – 5.56 years	0.88 – 5.5 years

A continuity schedule of the Company's convertible debt is as follows:

Balance as at December 31, 2022	\$	1,874
Issued		1,306
Fair value of conversion feature		(280)
Fair value of warrants		(248)
Accretion		460
Interest		432
Balance as at December 31, 2023	\$	3,544
Issued		211
Extinguished debt - fair value of conversion feature		(30)
Extinguished debt - fair value of warrants		(30)
Modified debt - fair value of warrants		(93)
Accretion		111
Interest		94
Extinguished		(150)
Converted		(1,976)
Repayment		(831)
Loss on repayment		5
Balance as at March 31, 2024	\$	855

Lion Copper and Gold Corp.

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9. CONVERTIBLE DEBENTURES (continued)

Current	855
Long-term	-

10. SIMPLE AGREEMENT FOR FUTURE EQUITY

During the year ended December 31, 2022, Falcon Copper Corp. raised \$198 with a valuation cap of \$1,450 and \$569 with a valuation cap of \$4,120, respectively, by entering into Simple Agreement for Future Equity Notes (“SAFE Note”) with several parties.

During the year ended December 31, 2023, FCC raised an additional \$100 with a valuation cap of \$4,120 by entering into SAFE notes with several parties. The private placement described above in Note 7 was considered a triggering event, and the face value of SAFE Notes of \$868 were converted into common shares of FCC resulting in 21,629,382 common shares being issued.

The valuation cap provides the basis for the price at which the SAFE notes are converted into common stock of FCC. The SAFE Notes resulted in cash proceeds to the FCC in exchange for the right to stock of the FCC, or cash at a future date in the occurrence of certain events, as follows:

If there is an equity financing before the expiration or termination of the instrument, the FCC will automatically issue to the investor, a number of shares of common stock equal to the purchase amount divided by the conversion price. The conversion price is equal to the price per share equal to the Valuation Cap divided by the FCC capitalization immediately prior to the transaction.

If there is a liquidity event before the expiration or termination of the instrument, the investor will, at its option, either (i) receive a cash payment equal to the purchase amount, or (ii) automatically receive from the Company a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option.

If there is a dissolution event before the instrument expires or terminates, the FCC will pay an amount equal to the purchase amount, due and payable to the investor immediately prior to, or concurrent with, the consummation of the dissolution event.

The SAFE notes were classified as liabilities pursuant to ASC 480 as certain redemptions are based upon the occurrence of certain events that are outside of the control of the Company and were measured at fair value at each reporting period, with changes in fair value recorded within the condensed interim consolidated statements of operations and comprehensive loss.

A continuity of the FCC’s SAFE notes are as follows:

Balance as at December 31, 2022	\$	1,131
Issued		100
Loss on change in fair value of SAFE notes		305
Conversion upon Equity Financing Event (Note 7)		(1,536)
Balance as at March 31, 2024, and December 31, 2023	\$	-

Lion Copper and Gold Corp.

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

11. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

Share transactions for the three months ended March 31, 2024

- a) On February 16, 2024, the Company issued 3,500,000 common shares to settle Existing Debenture at a price of \$0.074 per common share (Note 9)
- b) On March 8, 2024, the Company issued 45,815,213 common shares to settle Existing Debenture at a price of \$0.042 per share (Note 9).
- c) On March 8, 2024, the Company closed a private placement consisting of an aggregate of 23,809,522 units at a price of \$0.042 (C\$0.05625) per unit for aggregate gross proceeds to the Company of \$1,000. Each unit consists of one common share and one common share purchase warrant of the Company (Note 8, 12).

Share transactions for the three months ended March 31, 2023

- d) No share capital activity in the Company during the 3 months ended March 31, 2023.

Weighted Average Breakdown

(i) Basic & Diluted

Basic earnings per share is calculated by dividing the income attributable to equity owners of the Company by the weighted average number of shares in issue during the period.

	For the three months ended	
	March 31, 2024	March 31, 2023
Net loss for the period	\$ (2,453)	\$ (1,953)
Weighted average number of shares – basis & diluted	329,761,311	309,567,975
Basic & Diluted loss per share	\$ (0.01)	\$ (0.01)

Lion Copper and Gold Corp.

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12. ADDITIONAL PAID-IN CAPITAL

a) Stock options

The Company has a stock option plan under which the Company is authorized to grant stock options of up to 10% of the number of common shares issued and outstanding of the Company at any given time.

Stock option activity during the three months ended March 31, 2024, is summarized below:

- i. On March 1, 2024, the Company granted 14,295,000 stock options at an exercise price of \$0.052(C\$0.07) per common share and expire on March 1, 2029, which vest immediately upon grant,

The continuity of the number of stock options issued and outstanding as of March 31, 2024, and December 31, 2023, is as follows:

	As at March 31, 2024		As at December 31, 2023	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Outstanding, beginning of period	49,239,020	0.10	29,614,283	0.11
Granted	14,295,000	0.07	23,544,737	0.08
Expired	-	-	(1,370,000)	0.06
Cancelled	-	-	(2,450,000)	0.10
Exercised	-	-	(100,000)	0.06
Outstanding, end of period	63,534,020	0.09	49,239,020	0.10

As of March 31, 2024, and December 31, 2023, the number of stock options outstanding and exercisable were:

Expiry date	Exercise price (CAD)	Number of options outstanding	Remaining contractual life in years	Number of options exercisable
June 21, 2024	0.07	1,900,000	0.22	1,900,000
August 8, 2024	0.06	500,000	0.36	500,000
June 20, 2025	0.08	2,450,000	1.22	2,450,000
August 18, 2025	0.072	2,394,283	1.38	2,394,283
June 18, 2026	0.25	3,950,000	2.22	3,950,000
September 17, 2026	0.11	4,500,000	2.47	4,500,000
October 21, 2026	0.09	2,700,000	2.56	2,700,000
May 25, 2027	0.085	8,300,000	3.15	8,300,000
March 2, 2028	0.095	350,000	3.92	350,000
July 21, 2028	0.08	22,194,737	4.31	22,194,737
March 1, 2029	0.07	14,295,000	4.92	14,295,000
Outstanding, March 31, 2024		63,534,020		63,534,020

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12. ADDITIONAL PAID-IN CAPITAL (continued)

a) Stock options (continued)

Expiry date	Exercise price (CAD)	Number of options outstanding	Remaining contractual life in years	Number of options exercisable
June 21, 2024	0.07	1,900,000	0.47	1,900,000
August 8, 2024	0.06	500,000	0.61	500,000
June 20, 2025	0.08	2,450,000	1.47	2,450,000
August 18, 2025	0.072	2,394,283	1.63	2,394,283
June 18, 2026	0.25	3,950,000	2.47	3,950,000
September 17, 2026	0.11	4,500,000	2.72	4,500,000
October 21, 2026	0.09	2,700,000	2.81	2,700,000
May 25, 2027	0.085	8,300,000	3.40	8,300,000
March 2, 2028	0.095	350,000	4.17	350,000
July 21, 2028	0.080	22,194,737	4.56	22,194,737
Outstanding, December 31, 2023		49,239,020		49,239,020

During the three months ended March 31, 2024, an amount of \$660 (2023 - \$95) was expensed as share-based payments related to the vesting of options. The portion of share-based payments recorded is based on the vesting schedule of the options. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model used to estimate the weighted average fair value of stock options granted during the three months ended March 31, 2024

	Three months ended March 31, 2024	Three months ended March 31, 2023
Risk-free interest rate	3.59%	3.66%
Expected life (years)	5	5
Annualized volatility	141%	145%
Forfeiture rate	0%	0%
Dividend yield	0%	0%

b) Share purchase warrants

Warrant activity during the three months ended March 31, 2024, is summarized below:

- On February 16, 2024, the Company issued 15,696,882 share purchase warrants, exercisable at \$0.06 (C\$0.08) per share which expire on February 16, 2025, in connection with the convertible debenture restructuring. These warrants replace the previously issued 11,493,767 warrants for the Existing Debentures. (Note 9)
- On March 8, 2024, a total of 4,107,998 share purchase warrants, exercisable at \$0.06 (C\$0.08) per share for a period of 5 years from the date of issuance were issued in relation to the conversion of Existing Debentures. Additionally, a total of 20,776,254 share purchase warrants were cancelled or expired in relation to the conversion or repayment of the Existing Debentures. (Note 9)

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12. ADDITIONAL PAID-IN CAPITAL (continued)

b) Share purchase warrants

- iii. On March 8, 2024, the Company issued 23,809,522 share purchase warrants, exercisable at \$0.056 (C\$0.075) per share which expire on March 8, 2029, in connection to the private placement of \$1,000 (Note 8).

Warrant activity during the three months ended March 31, 2023, is summarized below:

- i. On March 2, 2023, the Company granted 18,461,015 warrants with an exercise price of \$0.07 (CAD\$0.095) with an expiry date of November 2, 2024, pursuant of the grant of \$1,306 in convertible debenture (Note 9).

The continuity of the number of share purchase warrants outstanding as of March 31, 2024, and December 31, 2023, is as follows:

	March 31, 2024		December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	119,626,027	\$ 0.09	101,165,012	\$ 0.09
Issued	43,614,402	0.06	18,461,015	0.07
Exercised	-	-	-	-
Cancelled	(32,270,021)	0.07	-	-
Outstanding, end of period	130,970,408	0.08	119,626,027	\$ 0.09

The following table summarizes warrants outstanding as of March 31, 2024, and December 31, 2023:

Expiry date	Currency	Exercise price	March 31, 2024	December 31, 2023
September 13, 2024	USD	0.10	26,488,733	26,488,733
September 27, 2024	USD	0.10	13,152,909	13,152,909
October 21, 2024	USD	0.10	31,672,632	31,672,632
February 17, 2024	USD	0.067	-	16,044,774
March 8, 2024	USD	0.067	-	13,805,964
November 2, 2024	USD	0.070	16,041,732	18,461,015
February 16, 2025	USD	0.06	15,696,882	-
March 8, 2029	USD	0.056	23,809,522	-
March 8, 2029	USD	0.056	4,107,998	-
Outstanding at the end of the period			130,970,408	119,626,027

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12. ADDITIONAL PAID-IN CAPITAL (continued)

c) Restricted share units

At the 2022 Annual General Meeting, the Company's stockholders approved issuance of common shares from treasury pursuant to the Company's Amended 2021 Restricted Share Unit Plan (the "RSU Plan") and reserved 30,330,661 shares for issuance under the RSU Plan. Under the RSU Plan, if the Company divests its interests, including the option to purchase, absent a merger, sale or similar transaction in a) one of either the Chaco Bear or Ashton projects, then 50% of the total RSUs that have not vested will be cancelled, or b) both the Chaco Bear or Ashton projects, then 100% of the total RSUs that have not vested will be cancelled.

There was no activity for Restricted share units ("RSU") during the three months ended March 31, 2024, and 2023.

During the three months ended March 31, 2024, an amount of \$Nil (2023 - \$69) was expensed as share-based payments related to the grant of RSU's. The RSU's were tied to the Chaco Bear and Ashton property option agreements which was terminated on June 1, 2023 as a result, the RSU's were also cancelled.

The continuity of the number of RSUs issued and outstanding as of March 31, 2024, and December 31, 2023, is as follows:

	Number of RSUs
Outstanding at December 31, 2022	5,333,334
Cancelled	(5,333,334)
Outstanding at March 31, 2024, and December 31, 2023	-

13. RELATED PARTY TRANSACTIONS

The Company's related parties include its directors and officers whose remuneration was as follows, subject to change of control provisions for officers:

	Three months ended March 31,	
	2024	2023
Salaries	\$ 113	\$ 115
Directors' fees	-	21
Share-based payments	281	69
Interest on convertible debenture	106	39
	\$ 500	\$ 244

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13. RELATED PARTY TRANSACTIONS (continued)

Other transactions for the three months ended March 31, 2024

- a) On February 16, 2024, CEO, CFO and directors of the company restructured \$407 of their existing convertible debentures into the New Debentures (Note 9). The debentures bear interest at a rate of 20% per annum and mature on November 16, 2025, and are convertible into shares of the Company at \$0.06 (C\$0.08) per share. Additionally, certain directors converted \$259 of their existing convertible into 3,500,000 common shares at a price of \$0.074 (Note 9, 11).
- b) On March 8, 2024, the CFO and directors converted \$1,541 of their outstanding convertible debentures into 36,675,478 common shares at a price of US\$0.042 (Note 9, 11).
- c) On March 8, 2024, the Company recognized 36,675,478 Contingent Warrants for CEO, CFO, directors, and other related parties who converted their existing debentures into units. The value of the contingent warrants upon recognition was \$570. The related parties will receive these warrants upon the Company's listing on the CSE (Note 9).
- d) On March 8, 2024, CFO and directors subscribed for 12,202,380 common shares for a total proceeds of \$513 in relation of a private placement (Note 11). Additionally, the directors received 12,202,380 warrants with a value of \$177 (Note 12).
- e) As at March 31, 2024, the Company had \$10 (December 31, 2023 - \$290) in interest accrued relating to outstanding convertible debentures with directors and officers of the Company.
- f) As at March 31, 2024, there was \$11 (December 31, 2023 - \$11) in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to period end.

Other transactions for the three months ended March 31, 2023

- g) During the three months ended March 31, 2023, certain directors of the Company subscribed for \$1,135 of unsecured convertible debt in the third tranche (Note 9). The debentures bear interest at a rate of 14% per annum and mature on November 2, 2024, and are convertible into shares of the Company at \$0.070 (\$0.095 CAD) per share until January 2, 2024, and thereafter at \$0.074 (\$0.10 CAD) per share.

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information relating to the Company's mineral properties as at March 31, 2024, and December 31, 2023, is as follows:

	March 31, 2024			December 31, 2023		
	Canada	USA	Total	Canada	USA	Total
Mineral properties	\$ -	\$ 7,802	\$ 7,802	\$ -	\$ 7,647	\$ 7,647

15. COMMITMENTS

To acquire certain mineral property interests as per Note 4, the Company must make optional acquisition expenditures to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors.

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16. CONTINGENCIES

On July 23, 2021, the Company received notice from the State of Nevada that the State has not approved extensions of three water rights permits purchased by its subsidiary, SPS in 2011. The State also advised that a fourth permit would not be extended after a period of an additional year. This appeal process is ongoing as discussed in Note 4(a).

On March 8, 2024, the Company settled a portion of its Existing Debentures with the issuance of units (Note 9). Certain directors and individuals did not receive warrants with their convertible debenture settlement and will receive these warrants upon the Company's listing on the CSE ("Contingent Warrants"). The Company expects to list in the near future, therefore management concluded that the issuance of the 41,707,215 Contingent Warrants is probable (Note 9).

17. FINANCIAL INSTRUMENT RISKS

The board of directors has overall responsibility for establishing and oversight of the Company's risk management framework. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Financial instruments consist of cash, accounts payable, accrued liabilities, lease liabilities, Rio Tinto deposit, SAFE notes, convertible debentures, derivative liabilities.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and stockholder returns. The principal financial risks to which the Company is exposed are, liquidity risk, currency risk, interest rate risk, credit risk and commodity price risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The carrying values of cash, accounts payable, accrued liabilities and Rio Tinto deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures and lease liabilities are recorded at amortized cost.

The Company's derivative liabilities is measured at its fair value at the end of each reporting period and is categorized as Level 2 in the fair value hierarchy.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from equity offerings or debt financings to meet its operating requirements, after considering existing cash and expected exercise of stock options and share purchase warrants. See Note 1 for further discussion.

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17. FINANCIAL INSTRUMENT RISKS (continued)

b) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in the United States and Canada; therefore, it is exposed to currency risk from transactions denominated in CAD. Currently, the Company does not have any foreign exchange hedge programs and manages its operational CAD requirements through spot purchases in the foreign exchange markets. Based on CAD financial assets and liabilities' magnitude, the Company does not have material sensitivity to CAD to USD exchange rates.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to the interest rate risk on its liabilities through its outstanding borrowings and the interest earned on cash balances. The Company monitors its exposure to interest rates and maintains an investment policy that focuses primarily on the preservation of capital and liquidity.

d) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents. Cash and cash equivalents are held in large Canadian financial institutions that have high credit ratings assigned by international credit rating agencies.