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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2023**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**000-55139**

(Commission File Number)

**Lion Copper and Gold Corp.**

(Exact Name of Registrant as specified in its charter)

**British Columbia, Canada**

(State or other Jurisdiction of Incorporation  
or organization)

98-1664106

(I.R.S. Employer  
Identification No.)

**c/o #1200 - 750 West Pender Street  
Vancouver, British Columbia**

(Address of Principal Executive Offices)

**V6C 2T8**

(Zip Code)

Registrant's Telephone Number, including area code: **(917) 371-2966**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Shares without par value**  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller Reporting Company ☒

Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: **\$20,158,625 as at June 30, 2023.**

Indicate the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: **382,792,710 common shares as at March 26, 2024.**

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## PART I

"Company," "Lion CG," "we," "us," "our" and similar words of similar meaning refer to Lion Copper and Gold Corp.

### ***NOTE ABOUT FORWARD-LOOKING STATEMENTS***

This annual report of Lion CG contains forward-looking statements within the meaning of applicable United States and Canadian securities legislations ("**Forward-Looking Statements**"). Forward-Looking Statements reflect the expectations of management and consist of statements that are not only historical fact but also relate to predictions, expectations, belief, plans, projections, objectives, assumptions, future events, or future performance. Forward-Looking Statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", "plan" or similar words. Although the Company believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions investors that any Forward-Looking Statements provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from those in Forward-Looking Statements as a result of various estimates, risks, and uncertainties. Readers should not place undue reliance on Forward-Looking Statements. Forward-Looking Statements in this annual report and in documents incorporated by reference herein include, but are not limited to, statements with regard to:

- planned exploration activity including both expected drilling and geological and geophysical related activities;
- future foreign exchange rates;
- future sources of liquidity, cash flows and their uses;
- realization of anticipated benefits of acquisitions and dispositions;
- expected levels of operating costs, general and administrative costs, costs of services and others; and
- treatment under government regulation and taxation regimes.

Forward-Looking Statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the Forward-Looking Statements, including, without limitation:

- risks related to exploration and development of natural resource properties;
- the uncertain nature of estimating mineral resources and mineral reserves;
- uncertainty in the Company's ability to obtain funding;
- copper price fluctuations;
- recent market events and conditions;
- risks related to governmental regulations;
- risks related to the Company's business being subject to environmental laws and regulations;
- risks related to the Company's inability to meet its financial obligations under agreements to which it is a party; and
- risks related to the Company's ability to recruit and retain qualified personnel.

These Forward-Looking Statements are based on the beliefs of our management as well as on assumptions made by and information currently available to us at the time such statements were made. We undertake no obligation to update forward-looking statements should circumstances or estimates or opinions change.

## **DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES**

### **Resource and Reserve Estimates**

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and applicable Canadian securities laws, and as a result we report our mineral resources according to two different standards. U.S. reporting requirements are governed by Regulation S-K Subpart 1300 ("S-K 1300"), as adopted by the U.S. Securities and Exchange Commission ("SEC"). Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as adopted from the definitions provided by the Canadian Institute of Mining, Metallurgy and Petroleum. Both sets of reporting standards have similar goals in terms of conveying an appropriate level of confidence in the disclosures being reported, but the standards generally embody slightly different approaches and definitions.

In our public filings in the United States, we are required to disclose measured, indicated and inferred mineral resources and mineral reserves, each as defined in S-K 1300. Currently, we do not have any measured, indicated or inferred mineral resources or mineral reserves as thus defined, and we are an exploration stage issuer.

The estimation of measured resources and indicated resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves, and therefore investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into S-K 1300-compliant mineral reserves. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of mineral resources, and therefore it cannot be assumed that all or any part of inferred resources will ever be upgraded to a higher category. Therefore, investors are cautioned not to assume that all or any part of inferred resources exist, or that they can be mined legally or economically.

### **EMERGING GROWTH COMPANY STATUS**

The Company is an "emerging growth company" as defined in section 3(a) of the U.S. Securities Exchange Act of 1934 (as amended by the U.S. Jumpstart Our Business Startups Act (the "**JOBS Act**"), enacted on April 5, 2012), and the Company will continue to qualify as an "emerging growth company" until the earliest to occur of: (a) the last day of the fiscal year during which the Company has total annual gross revenues of \$1,000,000,000 (as such amount is indexed for inflation every five years by the SEC) or more; (b) the last day of the fiscal year of the Company following the fifth anniversary of the date of the first sale of common equity securities of the Company pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended; (c) the date on which the Company has, during the previous three-year period, issued more than \$1,000,000,000 in non-convertible debt; or (d) the date on which the Company is deemed to be a "large accelerated filer", as defined in Rule 12b-2 under the U.S. Securities Exchange Act of 1934, as amended.

## **GLOSSARY OF TERMS**

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fracture:</b>                                | Breaks in a rock, usually due to intensive folding or faulting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Gouge:</b>                                   | The finely ground rock that results from the abrasion along a fault surface.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Grade:</b>                                   | The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.                                                                                                                                                                                                                                                                     |
| <b>Indicated Mineral Resource:</b>              | An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as out-crops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.                     |
| <b>Inferred Mineral Resource:</b>               | An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.                                                                                                                                                                                                                                                       |
| <b>Measured Mineral Resource:</b>               | A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. |
| <b>Mineral Deposit or Mineralized Material:</b> | A mineralized body which has been intersected by sufficient closely spaced drill holes and or underground sampling to support sufficient tonnage and average grade of metal(s) to warrant further exploration-development work. This deposit does not qualify as a commercially mineable ore body (Reserves), as prescribed under SEC standards, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results is concluded.                                                                                                                                                                                                                     |
| <b>Mineral Resource:</b>                        | A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.                                                                                                                                                                                                                                               |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mineral Reserve:</b>          | A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined. |
| <b>Mineralization:</b>           | Usually implies minerals of value occurring in rocks.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Ore:</b>                      | A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.                                                                                                                                                                                                                                                                                                                                                  |
| <b>Probable Mineral Reserve:</b> | A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances a Measured, Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.                                                                             |
| <b>Proven Mineral Reserve:</b>   | A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.                                                                                                                             |
| <b>Reserve(s):</b>               | A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.                                                                                                                                                                                                                                                                                                                  |
| <b>Tailings:</b>                 | Material rejected from a mill after recoverable valuable minerals have been extracted.                                                                                                                                                                                                                                                                                                                                                                                                     |

## GLOSSARY OF ABBREVIATIONS

|                     |                                                                                           |
|---------------------|-------------------------------------------------------------------------------------------|
| <b>Ac-ft:</b>       | Acre feet                                                                                 |
| <b>Ag:</b>          | Silver                                                                                    |
| <b>Ag g/t:</b>      | Silver grade measured in grams per metric tonne                                           |
| <b>Au:</b>          | Gold                                                                                      |
| <b>Au g/t:</b>      | Gold grade measured in grams per metric tonne                                             |
| <b>Cu:</b>          | Copper                                                                                    |
| <b>g/t or gpt:</b>  | grams per tonne                                                                           |
| <b>IP:</b>          | Induced Polarization geophysical survey                                                   |
| <b>NI 43-101:</b>   | Canadian National Instrument 43-101 - <i>Standards of Disclosure for Mineral Projects</i> |
| <b>NSR:</b>         | Net smelter return royalty                                                                |
| <b>Oz:</b>          | Troy ounce                                                                                |
| <b>oz/t or opt:</b> | Ounces per ton.                                                                           |
| <b>PEA:</b>         | Preliminary Economic Assessment                                                           |
| <b>ppb:</b>         | Parts per billion                                                                         |
| <b>ppm:</b>         | Parts per million                                                                         |
| <b>RC:</b>          | Reverse Circulation                                                                       |
| <b>TCu:</b>         | Total Copper                                                                              |

## CONVERSION TABLES

| Conversion Table      |   |           |             |
|-----------------------|---|-----------|-------------|
| Imperial              |   |           | Metric      |
| 1 Acre                | = | 0.404686  | Hectares    |
| 1 Foot                | = | 0.304800  | Metres      |
| 1 Mile                | = | 1.609344  | Kilometres  |
| 1 Ton                 | = | 0.907185  | Tonnes      |
| 1 Ounce<br>(troy)/ton | = | 34.285700 | Grams/Tonne |

### Precious metal units and conversion factors

|         |                         |        |           |   |          |      |   |          |         |
|---------|-------------------------|--------|-----------|---|----------|------|---|----------|---------|
| ppb     | - Part per billion      | 1      | ppb       | = | 0.0010   | ppm  | = | 0.000030 | oz/t    |
| ppm     | - Part per million      | 100    | ppb       | = | 0.1000   | ppm  | = | 0.002920 | oz/t    |
| oz      | - Ounce (troy)          | 10,000 | ppb       | = | 10.0000  | ppm  | = | 0.291670 | oz/t    |
| oz/t    | - Ounce per ton (avdp.) | 1      | ppm       | = | 1.0000   | ug/g | = | 1.000000 | g/tonne |
| g       | - Gram                  |        |           |   |          |      |   |          |         |
| g/tonne | - gram per metric ton   | 1      | oz/t      | = | 34.2857  | ppm  |   |          |         |
| mg      | - milligram             | 1      | Carat     | = | 41.6660  | mg/g |   |          |         |
| kg      | - kilogram              | 1      | ton       | = | 907.1848 | kg   |   |          |         |
|         |                         |        | (avdp.)   |   |          |      |   |          |         |
| ug      | - microgram             | 1      | oz (troy) | = | 31.1035  | g    |   |          |         |

## ITEM 1. BUSINESS

### General

Lion CG was incorporated under the *Company Act* (British Columbia) on May 11, 1993, originally under the name Aquaterre Mineral Development Ltd. On November 30, 1993, the Company changed its name to Aquaterre Mineral Development Ltd. and became Quaterra Resources Inc. on November 13, 1997. On November 22, 2021, the Company changed of its name from Quaterra Resources Inc. to Lion Copper and Gold Corp.

The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LEO" and trade on the OTCQB Market under the symbol "LCGMF". Additional information about Lion CG, including the Company's press releases, quarterly and annual reports, is available through the Company's filings with the securities regulatory authorities in Canada at [www.sedarplus.com](http://www.sedarplus.com) or the United States Securities Exchange Commission at [www.sec.gov/edgar](http://www.sec.gov/edgar).



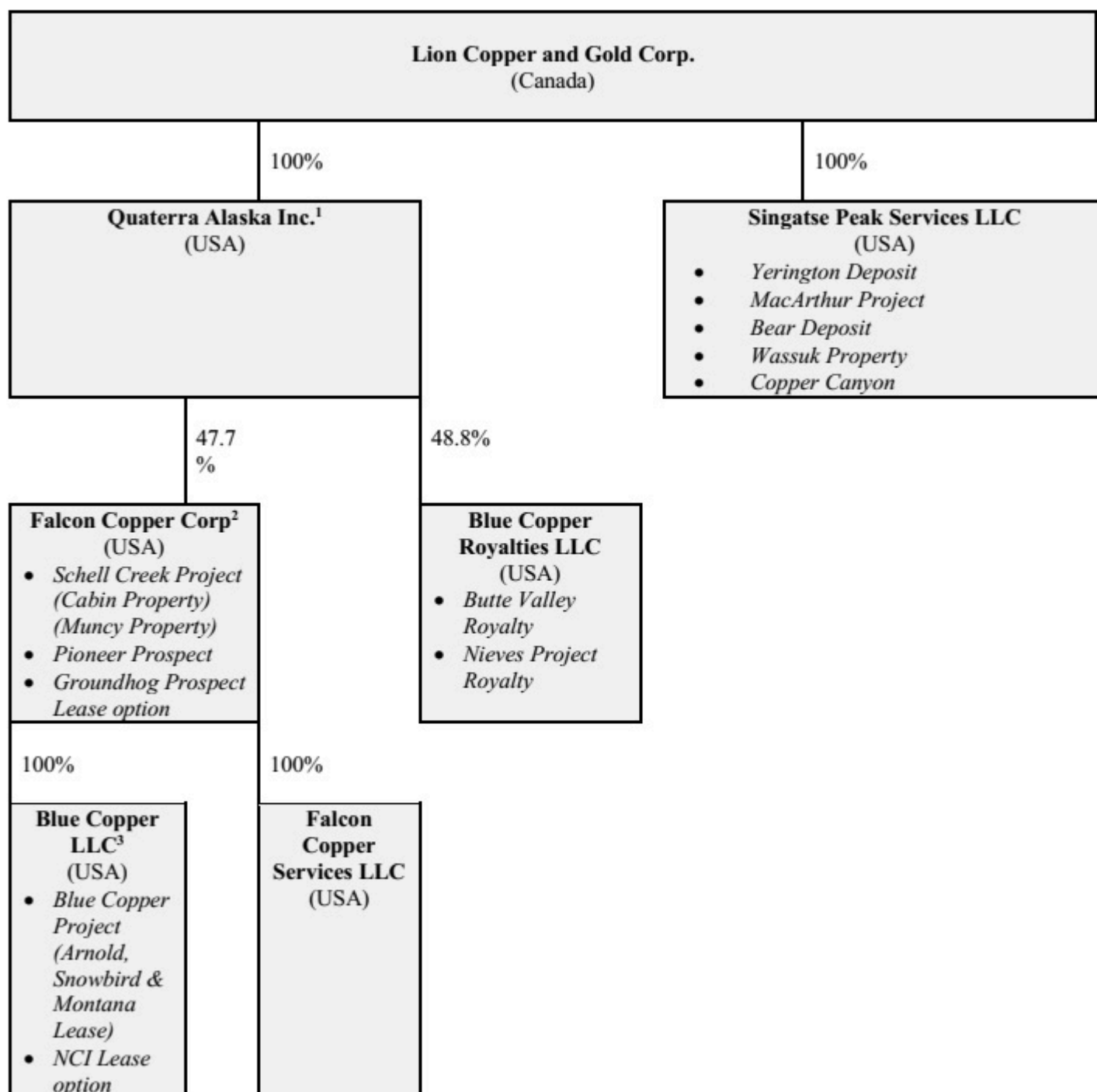
Lion CG's domicile is British Columbia, Canada and the Company operates under the *Business Corporations Act* (British Columbia).

The Company's registered and records offices are located at Suite 1200 - 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8. The Company's head office is located at 143 South Nevada Street Yerington, NV 89447. The Company's website is [www.lioncg.com](http://www.lioncg.com).

Since our incorporation, substantially all of our capital has been deployed to the development of our exploration stage business. We have not undertaken any material mergers or acquisitions other than in the ordinary course of business. There have been no public takeover offers by third parties with respect to our shares and we have made no public takeover offers with respect to another company's shares.

## Intercorporate Relationships

The chart below illustrates our corporate structure on December 31, 2023, including our subsidiaries, the jurisdictions of incorporation, and the percentage of voting securities held.



Note 1: Quaterra Alaska, Inc. is 100% owned by Lion Copper and Gold Corp. On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley Property to Falcon Butte Minerals Corp ("**Falcon Butte**"), a private British Columbia company established to acquire mineral resource properties.

- Note 2: On December 13, 2022, Quaterra Alaska Inc., assigned and transferred 100% of its outstanding interest in Blue Copper LLC, which holds the Groundhog property, the Butte Valley Royalty, and an interest in the Nieves project, to Blue Copper Resources Corp. As consideration, on the date of transfer of assets to Blue Copper Resources Corp, Quaterra Alaska was issued 57,513,764 common shares of Blue Copper Resources Corp which represented 79.3% of all issued and outstanding shares at December 13, 2022 and December 31, 2022. Blue Copper Resources Corp was renamed to Falcon Copper Corp on October 6, 2023.
- Note 3: On October 4, 2021, Blue Copper LLC was incorporated in the state of Montana, USA. Blue Copper LLC acquired and staked a district scale exploration and resource discovery opportunity (the "**Blue Copper Prospect**", or "**Blue Copper Project**"), comprising more than 7,430 acres in Powell County and Lewis & Clark County in Montana, USA.
- Note 4: On March 30, 2022, Six Mile Mining Company, a 100% wholly owned subsidiary of the Company, was dissolved and its assets were transferred to Quaterra Alaska Inc. which is a 100% wholly owned subsidiary of the Company.

## **Business Operations**

### **Company Summary**

The Company is a mineral exploration company engaged in the acquisition, exploration and development of copper projects currently in Nevada, Alaska and Montana in the United States. The amounts shown as mineral properties represent acquisition costs incurred to date, less amounts recovered and/or written off, and do not necessarily represent present or future values. The underlying value of mineral properties and related capitalized costs are dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and obtaining necessary financing.

The Company is an exploration stage issuer as defined in S-K 1300. Under S-K 1300, a mining company can be classified as an exploration stage issuer, a development stage issuer, or a production stage issuer. To be classified as a development stage issuer or production stage issuer, a company must have established mineral reserves, and the Company has not established mineral reserves as defined in S-K 1300.

### *Environment*

We are committed to an approach we call "Conservation by Design," applying best practices, sound science, and state-of-the-art technology to the design and operation of our mining projects for minimal emissions and water conservation.

### *Social*

We are committed to creating opportunities and value for the communities in which we work by engaging with them early and often in the mining process.

### *Financing*

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. During the year ended December 31, 2023 the Company raised \$1,306,172 from its non-brokered private placement of unsecured convertible debentures.

For more information about our business, please refer to "*ITEM 2. PROPERTIES*" below.

### *Competitive Conditions*

The Company competes with other mining companies in the recruitment and retention of qualified managerial and technical employees, for supplies and equipment, as well as for capital. As a result of this competition in the mining industry, some of which is with large established mining companies holding substantial capabilities and with greater financial and technical resources than ours, we may be unable to effectively develop and operate mines or obtain financing on terms we consider acceptable.

### *Governmental Regulations and Environmental Laws*

Our current and planned operations are subject to local, provincial, state and federal environmental laws and regulations. Those laws and regulations provide strict standards for compliance, and potentially significant fines and penalties for non-compliance. These laws address emissions, waste discharge requirements, management of hazardous substances, protection of endangered species and reclamation of lands disturbed by mining. Compliance with environmental laws and regulations requires significant time and expense, and future changes to these laws and regulations may cause material changes or delays in the development of mines or our future activities on site.

### *Employees*

As at January 1, 2024, we have six full and part time employees and approximately twenty individuals working on a consulting basis. Our operations are managed by our officers with input from our directors. We engage geological, metallurgical, and engineering consultants from time to time as required to assist in evaluating our property interests and recommending and conducting work programs.

## **ITEM 1A. RISK FACTORS**

In addition to the factors discussed elsewhere in this Form 10-K, the following are certain material risks and uncertainties that are specific to our industry and properties that could materially adversely affect our business, financial condition and results of operations.

***The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company.***

***Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production. Without limiting the foregoing, the following risk factors should be given special consideration when evaluating an investment in the Company's securities. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations.***

***The Company may require additional funding to complete further exploration programs.***

The Company does not generate operating revenue and must finance exploration activity by other means, such as selling assets, raising funds through optioning certain property interests, and the issuance of debt and/or equity. The Company cannot provide any assurance that additional funding will be available for further exploration of the Company's projects or to fulfill anticipated obligations under existing property agreements.

Failure to obtain necessary financing could result in delay or postponement of further exploration and development, and the property interests of the Company with the possible dilution or loss of such interests. Further, financing will depend upon the success of exploration programs and general market conditions for natural resources.

***Risks related to the Rio Tinto option agreement***

There is no guarantee that Rio Tinto (defined below) will proceed with its option to earn-in a 65% interest in the Company's Mason Valley projects. There is no guarantee the Company will secure the funding required to meet its obligations under the Rio Tinto option agreement and to not have its interest diluted in its Mason Valley properties. There is no guarantee that the exploration results on the Mason Valley properties will support further exploration or extraction.

***The Company has a history of losses and anticipates incurring losses for the foreseeable future.***

The Company has had a history of losses. None of the Company's properties are currently in production, and there is no certainty that the Company will succeed in placing any of its properties into production in the near future, if at all.

Lion CG anticipates continued losses for the foreseeable future until one or more of the properties enters into commercial production and generates sufficient revenues to fund the Company's continuing operations.

***Future equity transactions could cause dilution of present and prospective shareholders.***

Historically, the Company has financed operations through the sale of equity securities including convertible debt being converted into equity securities or through the sale of its mineral interests. The Company may issue additional equity securities in order to finance future operations and development efforts. The Company cannot predict the size and terms of future issuances of equity securities or debt instruments. Any transaction involving the issue of equity securities or securities convertible into common shares, could result in dilution, possibly substantial, to present and prospective security holders. Similarly, the Company cannot predict the value of any asset sale nor its effect on the market price of its common shares.

***The Company's exploration programs may not result in a commercial mining operation.***

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Lion CG's mineral properties are without a known body of commercial ore and the proposed programs are an exploratory search for ore. The Company cannot provide any assurance that current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, the Company will be required to acquire additional properties and write-off all investments in existing properties.

***The Company does not have Proven Mineral Reserves or Probable Mineral Reserves.***

The Company has not established the presence of any Proven Mineral Reserves or Probable Mineral Reserves (as such terms are defined in S-K 1300 or NI 43-101) at any of Lion CG's mineral properties. The Company cannot provide any assurance that future feasibility studies will establish Proven Mineral Reserves or Probable Mineral Reserves at Lion CG's properties. The failure to establish Proven Mineral Reserves or Probable Mineral Reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

***Mineral resource estimates are subject to updates which may differ from prior estimates and adversely affect the value of the Company's properties.***

The estimating of mineralization is a subjective process, and the accuracy of estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used, and judgments made in interpreting engineering and geological information. There is significant uncertainty in these Mineral Resource estimates, and the actual deposits encountered and the economic viability of mining a deposit may differ significantly from our estimates. From time to time, Lion CG obtains updated resource estimates and technical reports related to the Company's mineral properties.

***The Company's future business and financial condition are dependent upon resource prices.***

Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control. These include international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. These factors may negatively affect the marketability of any ore or minerals discovered at, and extracted from, Lion CG's properties. If, because of a sustained decline in prices, financing was not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and if warranted, would be discontinued.

***The Company's common share price has been and may continue to be subject to volatility.***

U.S. and Canadian securities markets in recent years have experienced high levels of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance for underlying assets values or prospects of such companies. Factors unrelated to Lion CG's financial performance or prospects include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The Company's share price, financial condition, and results of operations are all also likely to be significantly affected by short-term changes in copper prices. Continual fluctuations in metal prices may occur. As a result of any of these factors, the market price of the Company's shares at any given point in time may be subject to wide swings unrelated to any direct action by Lion CG's operations.

***Some of the Company's directors and officers may have conflicts of interest due to their involvement with other natural resource companies.***

Some of the Company's directors and officers may also be directors or officers of other natural resource or mining-related companies and these associations may give rise to conflicts of interest from time to time. As a result of these conflicts of interest, Lion CG may miss the opportunity to participate in certain transactions, which may have a material, adverse effect on the Company's financial position.

***The Company may experience difficulty attracting and retaining qualified management to grow Lion CG's business.***

The Company is dependent on the services of key executives including the Chief Executive Officer, President and Chief Financial Officer and other highly skilled and experienced executives and personnel focused on advancing corporate objectives as well as the identification of new opportunities for growth and funding. Due to the Company's relatively small size, the loss of these persons or Lion CG's inability to attract and retain additional highly skilled employees required for activities may have a material adverse effect on the Company's business and financial condition.

***The Company may be limited in its ability to manage growth.***

Should the Company be successful in its efforts to develop mineral properties or to raise capital for such development or for the development of other mining ventures, it may experience significant growth in operations. Any expansion of the Company's business would place demands on management, operational capacity, and financial resources. The Company anticipates that it will need to recruit qualified personnel in all areas of operations. There can be no assurance that Lion CG will be effective in retaining current personnel or attracting and retaining additional qualified personnel, expanding operational capacity or otherwise managing growth. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

***Environmental and other regulatory requirements may limit the Company's operations and increase expenses.***

The Company's operations are subject to environmental regulations promulgated by U.S. government agencies. Claims and current and future operations will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies such as ours that engage in exploration activities often experience increased costs and delays in schedules as a result of the need to comply with applicable laws, regulations and permits. Issuance of permits for Lion CG's exploration activities is subject to the discretion of government authorities, and the Company may be unable to obtain or maintain such permits. Permits required for future exploration or development may not be obtainable on reasonable terms or on a timely basis. Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact and cause increases in capital expenditures or require abandonment or delays in exploration.

***Operating hazards associated with mining may expose the Company to liability.***

Mining operations generally involve a high degree of risk, including hazards such as fire, explosion, floods, structural collapses, industry accidents, unusual or unexpected geological conditions, power outages, cave-ins, inclement weather, and mechanical equipment failure in the Company's operations. These and others may result in work stoppages, damage to or destruction of mines and other producing facilities, damage to or loss of life and property, environmental damage and possible legal liability for any or all damage or loss.

Safety measures implemented by the Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. Insurance against certain environmental risks is not generally available to the Company or to other companies within the mining industry.

***The Company's properties may be subject to uncertain title.***

The acquisition of title to resource properties or interest therein is a very detailed and time-consuming process. Title to and the area of resource concessions may be disputed. The Company has investigated title to all of its mineral properties and, to the best of the Company's knowledge, title to all of Lion CG's properties are in good standing.

The properties may be subject to prior, and in some cases, not fully ascertainable unregistered agreements or transfers, and title may be affected by undetected defects. Title may be based upon interpretation of a country's laws, which may be ambiguous, inconsistently applied and subject to reinterpretation or change.

***Enforcement of judgments or bringing actions outside the United States against the Company and its directors and officers may be difficult.***

Lion CG is organized under the laws of, and headquartered in British Columbia, Canada, and several of the Company's directors and officers are citizens or residents of the U.S. As a result, it may be difficult or impossible for one to (a) enforce in courts outside the U.S. judgments against the Company and a majority of Lion CG's directors and officers, obtained in U.S. courts based upon the civil liability provisions of U.S. federal securities laws or (b) bring in courts outside the U.S. an original action against the Company and its directors and officers to enforce liabilities based upon such U.S. securities laws.

***Climate change-related risks may have a negative impact on the Company's operations, financial position and market performance.***

Many governments and regulatory bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. These changes may create more stringent regulatory obligations, which may result in increased costs for the Company's operations. Further, these changes could also lead to new and/or more extensive monitoring and reporting requirements.

In addition, the physical risks of the physical climate change, including temperature and precipitation shifts and more frequent and severe extreme weather events, may affect the stability and effectiveness of infrastructure and equipment, environmental protection and site closure practices, and the availability of transportation routes. Climate change may also impact the stability and cost of water and energy supplies.

***ITEM 1B. UNRESOLVED STAFF COMMENTS***

None.

***ITEM 1C. CYBERSECURITY***

Management is responsible for monitoring material risks from cybersecurity threats, and reports any cybersecurity incidents to the Board. The Company uses industry reasonable efforts to maintain the integrity of its information systems.



## ***ITEM 2. PROPERTIES***

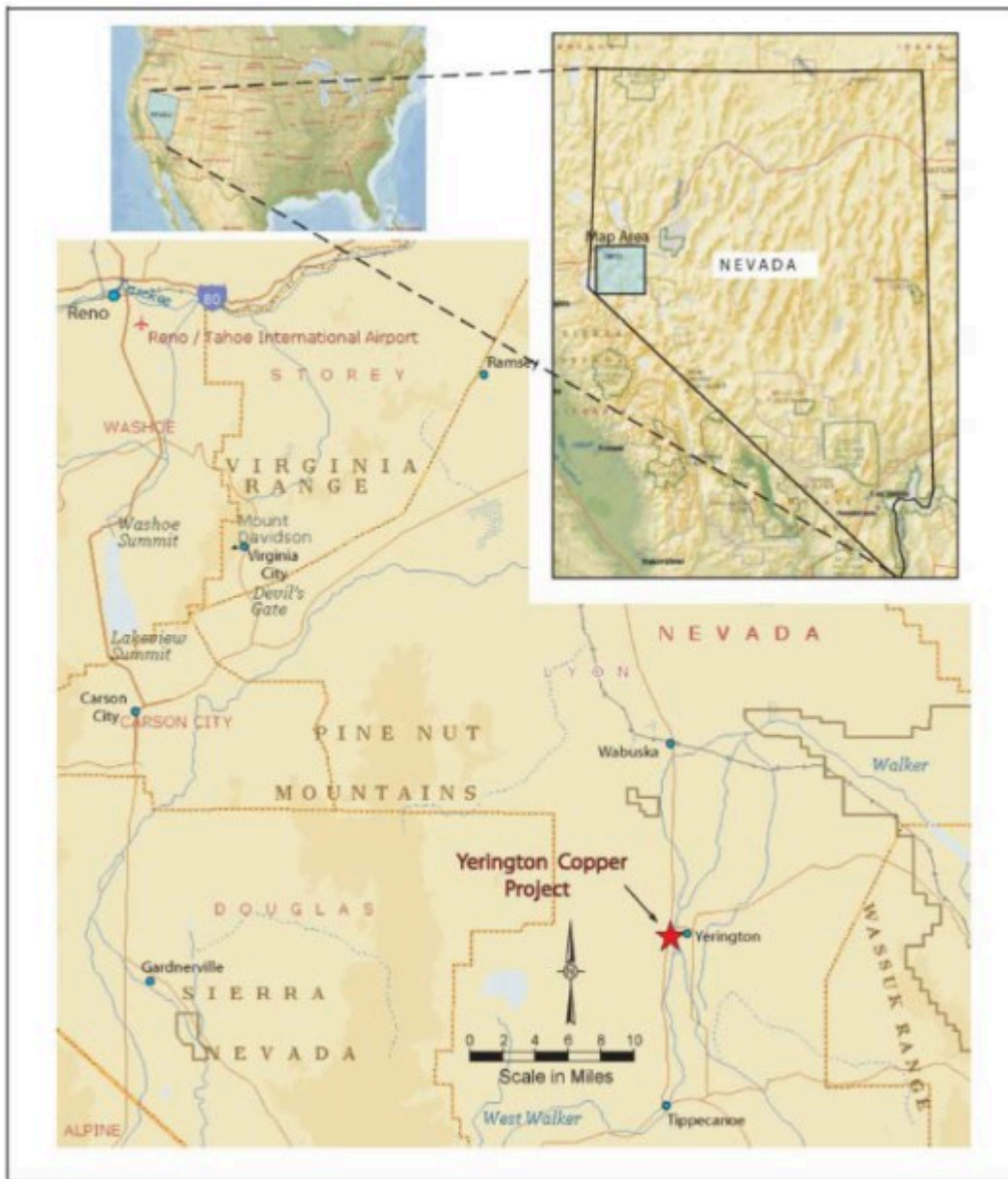
During the fiscal year ended December 31, 2023, the Company held through its subsidiary Singatse Peak Services LLC the Yerington Copper Project in Nevada composed of the Yerington and MacArthur properties, the Wassuk property in Nevada, the Bear Prospect in Nevada, and the Copper Canyon property in Nevada. Through its Falcon Copper subsidiary the Company holds the Blue Copper Project located in Montana, the Schell Creek Project composed of the Cabin and Muncy Properties in Nevada, the Pioneer Prospect in Arizona, and the Groundhog Prospect in Alaska.

### **Yerington Copper Projects - Nevada**

The Yerington Copper Project is located near the geographic center of Lyon County, Nevada, US, along the eastern flank of the Singatse Range (Figures 4-1 and 4-2). The Project includes both the historical Yerington Property, flanked on the west by Weed Heights, Nevada (a small private community, the original company town of Anaconda) and the historic MacArthur open pit located approximately 4.5 miles to the northwest. The property is bordered on the east by the town of Yerington, Nevada which provides access via a network of paved and gravel roads that were used during previous mining operations.

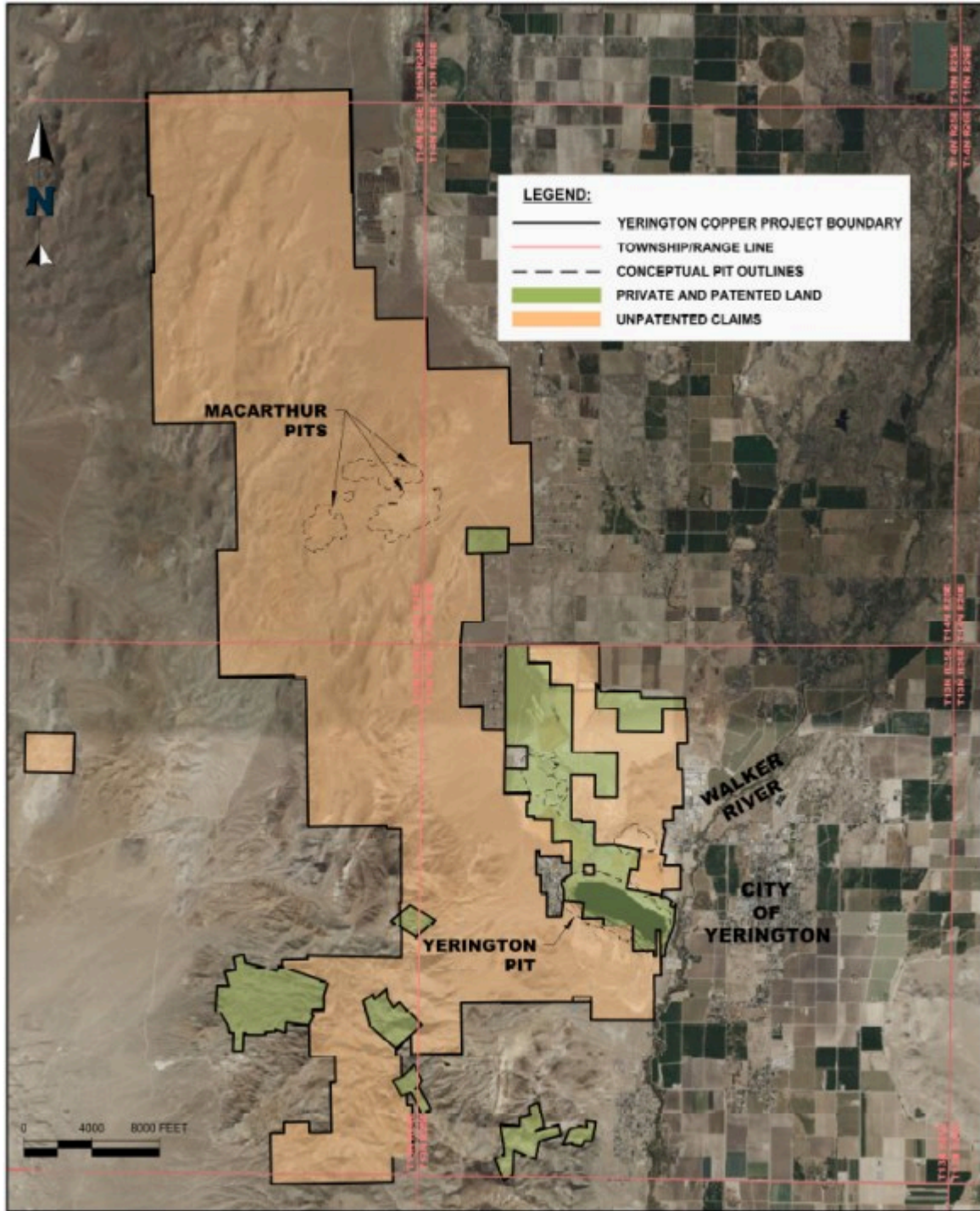
The property is approximately 70 miles by road from Reno Nevada, 50 miles south of Tahoe-Reno Industrial Center, and 10 miles from the nearest rail spur of Wabuska. Topographic coverage is provided by the U.S. Geological Survey "Mason Butte", Lincoln Flat", and the "Yerington" 7.5' topographic quadrangles.

*Yerington Copper Project Location*



Source: Tetra Tech, 2014

*Regional Layout Map*



Source: NewFields, 2023

## **Acquisition and Staking of Claims**

The Project consists of 5 fee simple parcels and 82 patented mining claims totalling 2,767.66 acres, and 1,113 unpatented lode and placer claims totalling 22,996 acres. The unpatented claims are located on lands administered by the US Department of Interior, Bureau of Land Management (BLM) (Figure 42).

The private land, patented claims, and 23 unpatented mining claims were acquired on April 27, 2011, when SPS closed a transaction under which assets of Arimetco, Inc. (Arimetco), a Nevada corporation, were acquired. Private properties are located in Township 13 North, Range 25 East in Sections 4, 5, 8, 9, 16, 17, and 21, and patented claims are located within Township 13 North, Range 25 East in Sections 16, 17, 19, 21, 31, and 32 and in Township 13 North, Range 24 East in Sections 22-25 and 36.

The additional unpatented claims were staked prior to or subsequent to the acquisition by SPS.

SPS's claims are located in: Sections 1 and 2, Township 12 North, Range 24 East; Sections 1-3, 8, 9, 11-14, 22-27, 35, 36, Township 13 North, Range 24 East; Sections 4-9, 16-21, and 30-32, Township 13 North, Range 25 East; Sections 1-4, 9-16, 22-27, 34-36, Township 14 North, Range 24 East; Sections 19-20, 29-31 Township 14 North, Range 25 East; Sections 33-36 Township 15 North, Range 24 East, Mount Diablo Base & Meridian.

## **Expenditures to Date**

Acquisition and exploration costs incurred as of December 31, 2023 were \$7.4 million (2022 - \$5.2 million) net of recovery from water rights sales and option payments made by Freeport Nevada.

## **Water Rights**

Included in the asset purchase from the Arimetco bankruptcy court, the Company acquired approximately 8,700 ac-ft of primary ground water rights that are permitted for Mining and Milling. Since acquisition, the Company has filed annual Extensions of Time to Prevent Forfeiture ("EOTs") with the Nevada Division of Water Resources ("NDWR") to keep the water rights in good standing.

Between March 2019 and July 2020, the company sold 2,614.3 ac-ft of primary ground water rights under three separate transactions. The combined sale price for the three sales was \$7.9 million. Following the sale of these water rights, the Company retained approximately 6,014.5 ac-ft of primary water rights, although certain of these remaining water rights are subject to a forfeiture notice from the State, as discussed below. The Company also controls decree, supplemental and storage water rights associated under the terms of various option agreements it holds to private lands associated with the Bear deposit.

On July 23, 2021, the Company received a notice (the "**Forfeiture Notice**") from the State of Nevada that three water rights permits had been forfeited and that the application for an extension of time to prevent forfeiture of a fourth certificate was denied. The permits affected are components of the Purchase and Sale Agreement. On August 20, 2021, the Company filed a Petition for Judicial Review of the Forfeiture Notice and has retained legal counsel to vigorously 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. Just as SPS did with the initial forfeiture decision that was remanded by the Court, SPS will 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.

On January 16, 2024, the Company filed its Opening Brief with the Lyon County Circuit Court requesting the Court reverse the State Engineer's 2021 and 2023 forfeiture decisions. The Company is awaiting a response from the Court. The Opening Brief was filed with the court as a continuation of its efforts to appeal the State's wrongful decision to forfeit three primary ground water rights permits. The legal approach is currently following two paths: First, the Company appealed the State Engineer's forfeiture decision asking the court to overturn the decision as unlawful. Second, the Company also filed a complaint requesting equitable relief from the court requesting the judge reinstate the water rights. At the Company's request, the Court stayed the decisions of the State Engineer related to the Company's water rights. In parallel with the legal appeal process, the Company also continues to evaluate opportunities for non-judicial settlement discussions with the State.

### **Option Agreement**

On March 18, 2022, the Company entered into an option to earn-in agreement with Rio Tinto America Inc. ("**Rio Tinto**") to advance studies and exploration at Lion CG's copper assets in Mason Valley, Nevada. Under the agreement, Rio Tinto has the option to earn a 65% interest in the assets, comprising 34,494 acres of land, including the historic Yerington mine, MacArthur Project, Wassuk property, the Bear deposit and associated water rights. In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton<sup>TM</sup> technologies at the site.

The option agreement sets out the following stages:

Stage 1: Rio Tinto will pay up to \$4 million for an exclusive earn-in option and agreed-upon Mason Valley study and evaluation works to be completed by the Company no later than December 31, 2022.

Stage 2: Within 45 days of the completion of Stage 1, Rio Tinto will provide notice to the Company whether Rio Tinto elects to proceed with Stage 2, upon which Rio Tinto will pay up to \$5 million for agreed-upon Mason Valley study and evaluation works to be completed by the Company within 12 months from the date that the parties agree upon the scope of Stage 2 work. Stages 1 and 2 may be accelerated at Rio Tinto's option.

Stage 3: Within 60 days of the completion of Stage 2, Rio Tinto shall provide notice to the Company whether Rio Tinto will exercise its option and finance a feasibility study based on the results of the stage 1 and stage 2 work programs. Rio Tinto will fully finance the feasibility study and ancillary work completed the Company in amount not to exceed \$50 million.

Upon completion of the feasibility study, Rio Tinto and the Company 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 create the investment vehicle, then the Company shall grant to Rio Tinto a 1.5% NSR on the mining assets. If Rio Tinto elects to create the investment vehicle but the Company elects not to create the investment vehicle, then, at Rio Tinto's option, the Company shall create the investment vehicle and Rio Tinto will purchase the Company's interest in the investment vehicle for fair market value.

Following the formation of the investment vehicle, any project financing costs incurred will be financed by Rio Tinto and the Company in proportion to their respective ownership interest in the investment vehicle. Rio Tinto may elect to finance up to \$60 million of the Company'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 the Company, Rio Tinto may finance an additional \$40 million of the Company's project financing costs in exchange for an additional 5% increase in Rio Tinto's ownership percentage. If the Company's ownership percentage in the investment vehicle is diluted to 10% or less, then the Company's ownership interest will be converted into a 1% uncapped NSR.

On April 27, 2022, the TSX Venture Exchange approved the Company's option agreement with Rio Tinto.

On June 7, 2022, Rio Tinto approved the Stage 1 Work Program and provided \$4,000,000 to the Company for an exclusive earn-in option and agreed-upon Mason Valley study and evaluation works, which has been completed as of December 31, 2022. During the year ended December 31, 2022, the Company incurred expenditures of \$3,400,000 in connection with the work program.

On January 5, 2023, the Company and Rio Tinto completed the Stage 1 work program and reached a final agreement on the scope of the Stage 2 work program referenced in the option agreement with Rio Tinto. Rio Tinto provided Stage 2 funding of \$5,000,000 and an immediate advance of \$2,500,000 on part of the Stage 3 funding, for a total amount of \$7,500,000 to the Company for Mason Valley project development, exploration efforts and other agreed-upon corporate purposes.

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

- Stage 2 was divided into Stage 2a, consisting of the activities performed up until January 12, 2024, and Stage 2b;
- Term of Stage 2 was extended 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 \$10,000,000 of the Stage 3 funding to Lion CG for the Stage 2b work program within 30 days of completion of Stage 2a.

- Should the Company and Nuton 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 \$5,000,000 of the Stage 3 funding to Lion CG within 30 days of the execution of the Stage 2c Program of Work Agreement.
- Of the funding provided under the option agreement, the Company may allocate \$50,000 per month for its corporate working capital.

The Company completed Stage 2a program of work as on January 12, 2024, and on January 4, 2024, \$11,500,000 was received from Rio Tinto relating to Stage2b and Stage 3 programs of work.

**a. MacArthur Copper Project, Nevada**

**Acquisition and Staking of Mineral Claims**

The MacArthur Deposit consists of 897 unpatented lode claims totaling approximately 18,533 acres on lands administered by the BLM. A significant number of the claims were held by means of a mineral lease with an option to purchase, executed with North Exploration LLC ("**North Exploration**") on August 27, 2005, and subsequently amended. The option was exercised and the final payment of \$212,000 plus interest to North Exploration was made on February 10, 2015. Lion CG's purchase is subject to a 2% NSR, 1% of which may be purchased for \$1,000,000, leaving a perpetual 1% NSR. The agreement is in good standing.

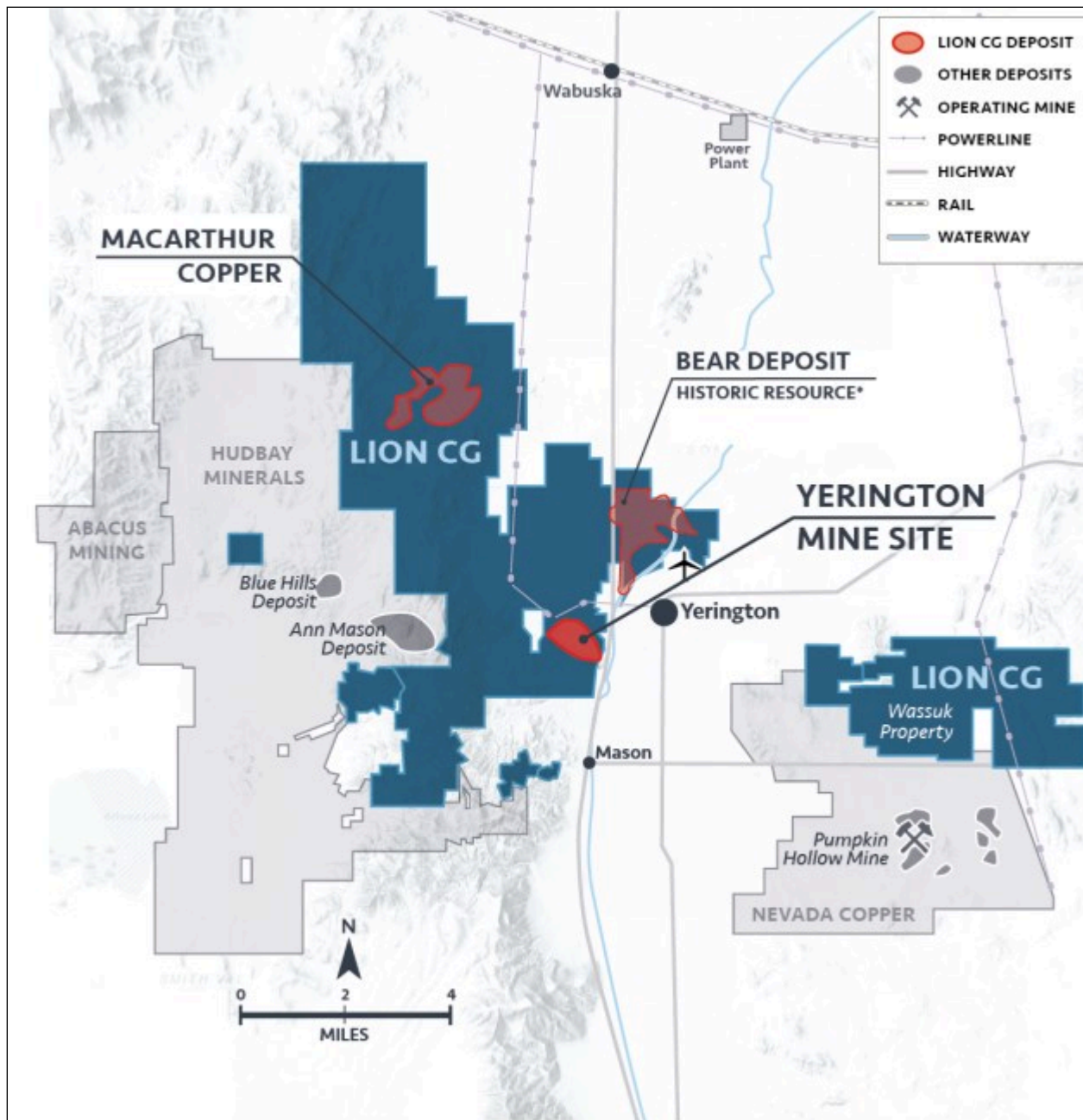
**Expenditures to Date**

Acquisition and exploration costs incurred by the Company for the MacArthur Deposit to December 31, 2023 were \$23.1 million (2022 - \$22.6 million).

**Location, Access and Infrastructure**

The MacArthur Deposit is located near the geographic center of Lyon County, Nevada, USA, along the northeastern flank of the Singatse Range approximately seven miles northwest of the town of Yerington, Nevada. The project is accessible from Yerington by approximately five miles of paved roads and two miles of maintained gravel road. A 100-foot-wide gravel haul road that accessed the MacArthur open pit copper mine during the 1990s leads 3.5 miles south to the Yerington Mine Site. Beyond the MacArthur Deposit pit area are several existing historic two-track dirt roads that provide access throughout the property. Topographic coverage is on US Geological Survey "Mason Butte" and "Lincoln Flat" 7.5' topographic quadrangles. The nearest major city is Reno, Nevada approximately 80 miles to the northwest. The following map provides information on the location of the MacArthur Deposit.





## Geology

The MacArthur Project is located within the western Basin and Range Province in Nevada on the east side of the Sierra Nevada Mountains. Within the Basin and Range, north trending normal faults have down-dropped basins on either side of upland ranges. In a similar setting in western Nevada, the Singatse Range and Wassuk Range form the western and eastern boundaries, respectively, of the Mason Valley. The MacArthur Project, in the Yerington Mining District, is located in the west-central portion of Mason Valley along the eastern slopes of the Singatse Range.



## **Mineralization**

Copper mineralization has been identified across nearly the entire area investigated by Lion CG's drilling programs at the MacArthur Project area. Copper mineralization covers an area of approximately two square miles defined by drill holes on 500 feet to 250 feet spacing north of the MacArthur pit to approximately 150 feet spacing within the pit.

Oxide, chalcocite, and primary copper mineralization is hosted in granodiorite, quartz monzonite, and in quartz biotite-hornblende (quartz monzonite) porphyry dikes all of middle Jurassic age. An insignificant percentage of oxide copper is also hosted in northwest striking andesite dikes that make up less than approximately one to two percent of the host rocks on the Property. Fracturing and favorable ground preparation supplied the passageways for the copper to migrate.

## **Exploration and Drilling Results**

From April 2007 to November 2011, the Company completed 414 drill holes. In 2021, ten additional exploration diamond core holes were completed. The ten-hole program was designed to assess the likelihood that further drilling would upgrade portions of the resource from Inferred to Indicated and expand the overall size of the current resource.

There are three different mineralization zones encountered at MacArthur. All three mineralization zones-- oxide, mixed chalcocite/oxide, and primary sulphide-- have grown with additional drilling and none are yet entirely closed off.

## **Exploration and Drilling History**

Despite the numerous shallow pits and prospects across the MacArthur Property, there is little available published production information. Over the history of the Project, several operators have contributed to the pre-Lion CG drill hole database of more than 300 holes.

### **b. Yerington Mine**

#### **Location, Access and Infrastructure**

The Yerington Copper Project is located near the geographic center of Lyon County, Nevada, US, along the eastern flank of the Singatse Range (Figure 41 and Figure 42). The Project includes both the historical Yerington Property, flanked on the west by Weed Heights, Nevada (a small private community, the original company town of Anaconda) and the historic MacArthur open pit located approximately 4.5 miles to the northwest. The Property is bordered on the east by the town of Yerington, Nevada which provides access via a network of paved and gravel roads that were used during previous mining operations.

The property is approximately 70 miles by road from Reno Nevada, 50 miles south of Tahoe-Reno Industrial Center, and 10 miles from the nearest rail spur of Wabuska. Topographic coverage is provided by the U.S. Geological Survey "Mason Butte", Lincoln Flat", and the "Yerington" 7.5' topographic quadrangles.

Access to the Property from the town of Yerington follows US Highway ALT 95 north about one mile to the Burch Street turnoff, a paved road that leads west into the Yerington Property. Access into the mine area is fenced and restricted. Inside the fenced area a series of roads provide access to all of the Property in Township 13 North, Range 25 East. Claims in Township 13 North, Range 24 East are accessed by a number of existing dirt roads leading west from US Highway ALT 95, from one to three miles south of the town of Yerington.

Soil and groundwater contamination, alleged to stem from the former mining operations at Yerington, have been identified on the property. As a result, a portion of the property acquired by SPS in 2011 previously under the jurisdiction of the EPA is now being managed by the NDEP, a division of the Nevada Department of Conservation and Natural Resources. Liability for the contamination on site is the responsibility of a third party which is actively engaged in remedial investigation and remediation activities under the supervision of the NDEP.

In order to establish SPS's position and rights, the acquisition by SPS of the Arimetco properties required a series of rigorous environmental, legal, and technical due diligence studies. The Chambers Group Inc. and Golder Associates Inc. completed a Phase 1 Environmental Site Assessment Report to allow SPS to complete one of the requirements necessary to establish liability protection as a Bona Fide Prospective Purchaser ("BFPP"). Prior to closing on the property, SPS received letters from the NDEP, BLM and the USEPA indicating the post-closing requirements then applicable to the Yerington Pit site for SPS to maintain its defense to liability as a BFPP regarding the activities of the former mine owners and operators.

In September 2012, SPS reached a voluntary agreement with the EPA (the "EPA Agreement") to participate in upgrading the system that manages fluids from the historic mining operation at the Yerington mine site. In exchange for SPS's participation in this work, the Company obtained a site-wide 'Covenant Not to Sue' for the contamination left at the site by former owners and operators of the historic mine operations.

The EPA Agreement provides for immediate environmental improvements to the site and allows SPS to continue exploration at the site while working cooperatively with the EPA, NDEP and the community. The EPA Agreement's 'Covenant Not to Sue' strengthens SPS's 'Bona Fide Prospective Purchaser Defense' against liability resulting from the contamination at the site prior to SPS's purchase.

The first phase of the fluid management project was completed in the fourth quarter of 2012. The Company co-funded the repairs to the on-site fluid management system ("FMS") by the EPA as well as the relining of one of the system ponds. During Phase 2 of the project, the Company completed a study of the FMS to determine what additional repairs or other modifications are necessary to ensure that the system is capable of handling the fluids from the former mine operations for a period of five years. The Study was completed by the Company's contractor in June 2013. EPA decided not to implement the five-year capacity alternative recommended in the Study. Rather, EPA decided to build new ponds to address the FMS capacity issues.

The Company decided not to fund construction of the additional ponds. Rather, the Company agreed to provide property at the site to construct the new ponds.

In September 2014, SPS submitted to EPA a Final Report that documented the work SPS performed under the EPA Agreement. On January 7, 2015, the EPA issued a Notice of Completion to SPS confirming that the obligations of the Work to Be Performed and the Payment of Response Costs sections of the Settlement Agreement had been met. With the issuance of the Notice of Completion, SPS believes it does not have further obligations under the EPA Agreement, except for those as a landowner and as a Bona Fide Prospective Purchaser.

In December 2015, the EPA sent a request to the Nevada Governor seeking the State's support for listing the Anaconda-Yerington Mine Site on the EPA National Priorities List ("NPL"). EPA has been considering an NPL listing as a mechanism to provide federal funds for remediation of contamination of the site left by former owners Arimetco Inc. This portion of the Site is referred to as Operable Unit 8 ("OU8") and was an unfunded liability due to Arimetco's bankruptcy. The Governor responded to the EPA noting that the State will not object to the initiation of the listing process.

On September 9, 2016, via publication in the Federal Register, the EPA proposed 10 new sites for NPL listing. The Anaconda Copper Mine in Yerington Nevada was one of those ten sites proposed for listing. EPA proposed to list the entire Site despite the fact that there was a responsible party for the operable units other than OU8, Atlantic Richfield Company, which had and continues to perform its obligations at the Site. SPS has a 'Covenant Not to Sue' with the EPA, and believes it qualifies for the 'Bona Fide Prospective Purchaser Defense' to CERCLA liability. The existing contamination at the Site, other than that related to OU 8 is the responsibility of the Atlantic Richfield Company that has been working with EPA to study the contamination, design remedial activities and implement remediation at the Site. SPS's work program at the Bear deposit was not affected by the EPA proposed listing of the Site. Also, SPS does not believe that an NPL listing precludes advancing mineral exploration and development at the Site. Only the Yerington mine site falls within the area of the proposed NPL listing; the Company's other targets in the district occur outside the area of the proposed listing.

In July 2017, NDEP made a formal request to EPA to defer the listing of the Site on the NPL. Since the original request, NDEP, EPA and Atlantic Richfield have worked toward a deferral of the listing process noted above. In support of a deferral action NDEP and EPA negotiated the terms of a Deferral Agreement, NDEP and Atlantic Richfield negotiated the terms of an Interim Administrative Order on Consent, and Atlantic Richfield and NDEP negotiated a Statement of Work for a Site-Wide Remedial Investigation and Feasibility Study.

In February 2018, the EPA and NDEP signed an agreement that transferred oversight responsibility for remediation of the Yerington mine site from the federal government to the state of Nevada. The deferral agreement requires that the responsible party fund and undertake remedial investigations, feasibility studies and cleanup of the Yerington site consistent with CERCLA standards. The cleanup, which is being overseen by NDEP, must be protective of human health, protective of ecological health, give preference for solutions that are durable over the long term, and will comply with all federal requirements as defined in CERCLA, the NCP and EPA guidance, and any more stringent state requirements.

On June 3, 2019, the Company announced that SPS had entered into an agreement ("ARC-SPS Agreement") with Atlantic Richfield that outlines how the two entities will work together on the Site allowing Atlantic Richfield to complete its remedial activities and the Company to move forward with its development of the Site. The ARC-SPS Agreement is part of a state-regulated, privately-funded solution to long-standing environmental issues associated with previous mining activity at the Anaconda Copper Mine site. SPS has complied with the terms of the agreement as required to date.

The ARC-SPS Agreement memorializes the parties' commitments concerning cooperation, access, property rights, liabilities, federal land acquisition, and ensures preservation of SPS's property and mineral rights. The ARC-SPS Agreement also contains covenants not to sue and indemnification provisions between the parties.

Of particular note, the ARC-SPS Agreement will:

- Further reduce SPS's risks regarding environmental liabilities at the Yerington site associated with past mining prior to SPS's acquisition in 2011. This includes both the former Anaconda mining operations and the former Arimetco area known as OU8, previously an unfunded liability. ARC has agreed to design, build, operate and fund the remedy for the Arimetco portion of the Site as well as to implement a CERCLA-protective remedy for the Site.

- Provide SPS with the opportunity to consolidate its land position at Yerington with the possible conversion of certain BLM mining claims into private land transferred to SPS at nominal cost without attached liability for previous mining activity.
- Dovetail with more comprehensive plans by government agencies to transfer oversight of the Yerington mine site from federal to state jurisdiction under NDEP.
- Assist in creating a simpler path for mine cleanup and development by way of private land ownership and state oversight.

The ARC-SPS agreement is one part of a larger set of agreements being negotiated among ARC, the EPA, NDEP and the BLM, to permanently address the impacts from previous mining activities by the Anaconda Mining Company and Arimetco Inc. at Yerington. ARC has continued its remediation activities at the site under previous orders by NDEP and the EPA. Once arrangements are completed, it will finalize cleanup of the Yerington site consistent with Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") standards. The cleanup is being overseen by NDEP.

## **Geology and Mineralization**

The Yerington Property includes both the Yerington deposit (the "Yerington Deposit") and a portion of the Bear Deposit which represent two of three known porphyry copper deposits in the Yerington copper district. Like the Mason copper-molybdenum property located 2.5 miles to the west, the Yerington and Bear Deposits are hosted in Middle Jurassic intrusive rocks of the Yerington Batholith.

Copper mineralization on the Property occurs in all three phases of the Yerington Batholith. Intrusive phases, from oldest to youngest, are known as the McLeod Hill Quartz Monzodiorite (field name granodiorite), the Bear Quartz Monzonite, and the Luhr Hill Granite, the source of quartz monzonitic (i.e. granite) porphyry dikes related to copper mineralization.

Following uplift and erosion, a thick Tertiary volcanic section was deposited, circa 18-17 Ma. This entire rock package was then extended along northerly striking, down-to-the-east normal faults that flatten at depth, creating an estimated 2.5 miles of west to east dilation-displacement (Proffett and Dilles, 1984). The extension rotated the section such that the near vertically emplaced batholiths were tilted 60° to 90° westerly. Pre-tilt, flat-lying Tertiary volcanics now crop out as steeply west dipping units in the Singatse Range west of the Yerington Property. The easterly extension thus created a present-day surface such that a plan map view actually represents a cross-section of the geology.

Under previous operators, the Yerington pit produced approximately 162 million tons of ore grading 0.54% Cu, of which oxide copper ores amenable to leaching accounted for approximately 104 million tons. A 1971 snapshot of head grades shows oxide mill head grade averaging 0.53% Cu and sulfide grades ranging from 0.45% to 0.75% Cu (D. Heatwole, personal communication).

The general geometry of copper mineralization below the Yerington pit is an elongate body extending 6,600 feet along a strike of S62°E. The modeled mineralization has an average width of 2,000 feet and has been defined by drilling to an average depth of 400-500 feet below the pit bottom at the 3,500-foot elevation.

The copper mineralization and alteration throughout the Yerington district and at the Yerington Property are unusual for porphyry copper camps in that the mineralization is "stripey", occurring in WNW striking bands or stripes between materials of lesser grade. Clearly, much of this geometry is influenced by the strong, district-wide WNW structural grain observed in fault, fracture and, especially, porphyry dike orientations. Altered, mineralized bands range in width from tens of feet to 200-foot-wide mineralized porphyry dikes mined in the Yerington pit by Anaconda.

Oxide copper occurred throughout the extent of the Yerington pit, attracting the early prospectors who sank the Nevada-Empire shaft on copper showings located over the present-day south-central portion of the pit. To extract the copper oxides, Anaconda produced sulfuric acid on site, utilizing native sulfur mined and trucked from Anaconda's Leviathan Mine located approximately 70 miles west of Yerington.

Greenish, greenish blue chrysocolla ( $\text{CuSiO}_3 \cdot 2\text{H}_2\text{O}$ ) was the dominant copper oxide mineral, occurring as fracture coatings and fillings, easily amenable to an acid leach solution. Historic Anaconda drill logs note lesser neotocite, aka black copper wad ( $\text{Cu}$ ,  $\text{Fe}$ ,  $\text{Mn}$ ),  $\text{SiO}_2$  and rare tenorite ( $\text{CuO}$ ) and cuprite ( $\text{Cu}_2\text{O}$ ). Oxide copper also occurs in iron oxide/limonite fracture coatings and selvages.

### **Exploration and Drilling Results**

Historically, the Property in the area of the Yerington pit has been drilled extensively by Anaconda and ultimately resulted in the extraction of over 1.7 billion pounds of copper.

Lion CG (and its predecessor Quatterra) exploration at the Yerington Property has been primarily confined to drilling along accessible pit ramps and access roads along the sides of the Yerington pit.

Anaconda conducted considerable exploration and production drilling during its long tenancy of the project which resulted in the existing Yerington pit. Although the actual number of exploration drill holes and footages is unknown, historic records indicate that well over a thousand holes, including both core and rotary, were drilled in exploration and development at the Yerington pit alone.

### **Future Work Plans**

Lion CG believes the Yerington Copper Project has potential for additional copper resources. Historic and current drilling data indicate that horizontal and vertical limits to the mineralization at the Yerington Pit have not yet been found. Additional exploration and in-fill drilling are being considered in an attempt to both expand and upgrade the current copper resources of the project prepared under NI 43-101 subject to financing. Historic and current drilling data indicate that horizontal and vertical limits to the mineralization at the Yerington Property have not yet been found.

#### **c. Bear Prospect, Nevada**

The Bear deposit is located south-southeast of the MacArthur Project and is a large porphyry copper system that was discovered and partially delineated by Anaconda in the 1960s and by Phelps Dodge in the 1960s and 1970s. The deposit is open in several directions and was previously never consolidated under single owner. Lion CG currently controls the Bear deposit through private land option agreements covering over 2,300 acres. Additionally, Lion CG has data from 49 holes totaling 126,400 feet that defines a system covering an area of at least 2 square miles. The portion of the deposit controlled by Anaconda in the 1960s covered approximately 25% of this area. It has been estimated that the Anaconda drilling program defined more than 500,000,000 tons of mineralized material with an average copper grade of 0.40% (Dilles and Proffett, 1995).

The Company has five option agreements, entered from March 2013 to May 2015, to acquire a 100% interest in private land in Yerington, Nevada, known as the Bear deposit. Under the terms of these option agreements, as amended, the Company is required to make \$5,988,290 in cash payments over 15 years (\$5,453,290 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 which can be reduced to a 1% NSR for consideration of \$1,250,000.

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

- \$131,000 due in 2024;
- \$404,000 due yearly from 2025 to 2028.

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

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

From 2015 to 2016, SPS conducted a drill program consisting of six holes totaling 20,474 feet. Four of the holes extended known mineralization 2,000 feet N-NE by 3,000 feet NW-SE with intercepts averaging about 1,000 feet, ranging in grade from 0.14% to 0.42% tCu.

The Bear Deposit was discovered in 1961 by Anaconda condemnation drilling in the sulfide tailings disposal area and was further delineated in the 1960s and 1970s. Currently the deposit is open in several directions and has never been consolidated under a single owner. A part of Lion CG's recently acquired acreage was not previously accessible for exploration and is adjacent to the highest grade mineralization discovered during previous exploration of the area.

The Bear Deposit is a large porphyry copper system that occurs below 500 to 1,000 feet of valley fill and volcanic rocks of Tertiary age. Mineralization occurs predominantly in quartz monzonite, border phase quartz monzonite, and quartz monzonite porphyry dikes of Jurassic age. There does not seem to be any relation between the Jurassic rock type and the sulfide occurrence. Copper mineralization occurs most commonly as chalcopyrite with minor bornite within platings and veinlets of fresh feldspar and shreddy biotite. No copper oxide mineralization is present and only minor occurrences of chalcocite have been noted. Molybdenite is a common sulfide within the deposit, usually occurring with the best copper mineralization. However, only about 20% of the historic core samples have been analyzed for molybdenite and more studies are necessary to better understand its average grade and distribution.

The deposit is displaced by the gently east-dipping normal fault known as the Bear fault. The fault is defined by strongly sheared dark clay gouge with andesite and sulfide fragments. On the western part of the deposit the mineralization occurs within the foot wall of the fault while to the east the mineralization occurs deeper within the hanging wall.

The Bear Deposit is prospective because of its very large size, historic drilling and potential for higher grades than district averages. Molybdenum could also represent a by-product credit.

Acquisition and exploration costs incurred by the Company for the Bear Deposit to December 31, 2023 were \$3.7 million (2022 - \$1.9 million) net of option payments made.

**d. Wassuk, Nevada**

The Company has an option, as further amended, to earn a 100% interest in certain unpatented mining claims in Lyon County, Nevada, over ten years and is required to make \$1,405,000 in cash payments (paid) and incur a work commitment of \$50,000 by December 31, 2021 (completed). During 2021 two final option payments of \$125,000 due by August 1, 2021, and the final \$125,000 due by October 10, 2021, were both paid and form part of the total payments of \$1,405,000.

The property is subject to a 3% NSR royalty which can be reduced to a 2% NSR royalty for consideration of \$1,500,000.

As at December 31, 2022, the Company had satisfied all obligations of the Wassuk property, allowing the Company to exercise their right to acquire 100% interest in the property. On January 14, 2023, the Company exercised this right, and transfer of claims was completed in January, 2023.

**e. 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 \$10,000 in necessary claim fees. Further, the Company will be required to pay an Exploration fee to Convergent Mining, LLC calculated as:

- 5% of the first \$2,000,000 of qualifying exploration costs, not exceeding \$100,000

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

**Falcon Copper Corp.**

The Company holds an interest in the following properties through its 47.7% interest in Falcon Copper Corp. as described below.

**a. Blue Copper Project, Montana**

During the year ended as of December 31, 2021, the Company's acquired and staked a district scale exploration and resource discovery opportunity (the "**Blue Copper Project**"), comprising more than 7,430 acres in Powell County and Lewis & Clark County in Montana, USA. The area is prospective for high grade copper-gold skarns and porphyry copper-gold mineralization. The claim block encompasses a group of more than 14 historic small mines that produced high grade gold, copper and tungsten.

The Blue Copper Project, located approximately 25 miles WNW of Helena, Montana, is centered on the Late Cretaceous Blackfoot City Stock (the "**BCS**"), which was intruded into the Black Mountain syncline, composed primarily of a Paleozoic sequence of limestone, dolomite, shale and sandstone. The BCS crystallized at the same time as the nearby Boulder batholith, which is host to the world-famous Butte copper mines. The area is prospective for high grade copper-gold skarns and porphyry copper-gold mineralization.

The claim block encompasses a group of more than 14 historic small mines that produced high grade gold, copper and tungsten. Importantly, the streams draining the BCS have a recorded production of almost 200,000 ounces of placer gold through 1959, although the actual production was most likely much higher. Despite the extensive placer production, only one lode gold mine operated historically and produced less than 10,000 ounces. Several major companies conducted exploration programs in the area during the late 1980s and early 1990s.

On February 14, 2022, as a part of the closing of the Blue Copper Project transaction, the Company issued 1,500,000 common shares.

On October 28, 2022, 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 Company. Pursuant to the Agreement, Snowshoe will lease the Arnold, Snowbird and Montana property, including the patented mining claims on such property, to Blue Copper LLC for a term of 20 years and extendable on sole discretion of Blue Copper LLC.

As consideration, 15,000,000 preferred shares in the capital of Falcon Copper Corp. 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 \$500,000.

#### **b. Schell Creek Project, Nevada**

The Schell Creek Project is composed of the Cabin and Muncy Properties in White Pine County, Nevada, which represent two copper immediately adjacent targets composed of approximately 15,000 acres of mineral claims.

##### *Muncy Property*

Through its subsidiary Falcon Copper, the Company 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, in Nevada. To exercise the option, Falcon Copper must:

- Make a commitment payment of \$95,059 to Kennecott (paid)
- Incur exploration expenditures of \$1,500,000 on the Muncy Property and \$1,000,000 on the Cabin Property
- No less than 70% of exploration expenditures on each property must consist of drilling expenses.

Pursuant to the terms of the option agreement, if Falcon Copper decides to terminate the option at any time, they will grant Kennecott a 2% net smelter royalty in the Cabin Property.

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



### *Cabin Property*

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.

### **c. Pioneer Prospect, 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.

### **d. Groundhog Prospect, Alaska**

The Groundhog copper project is a 54,880-acre property situated in an established copper porphyry belt situated 200 miles southwest of Anchorage, Alaska. It is located on State of Alaska claims covering the northern extension of a 10-kilometer wide north-northeast trending structural zone that hosts a number of porphyry copper-gold prospects.

Lion CG signed a lease agreement dated April 20, 2017, as amended July 11, 2019 and April 20, 2020, with Chuchuna Minerals Company ("Chuchuna"), an Alaska corporation, giving Lion CG an option to purchase a 90% interest in the Groundhog copper prospect. Lion CG committed to funding \$1 million for exploration in the first year of the agreement, and a minimum of \$500,000 in each of the following seven years. Lion CG can earn its 90% interest in Groundhog by providing a total of \$5 million in funding for exploration over seven years, and by paying Chuchuna a lump sum of \$3 million by the end of the final year. Lion CG has no obligation to exercise its option and can terminate the agreement at its discretion annually. Chuchuna will be the operator of the project and will plan, implement and manage exploration field programs as set out in a budget and work plan approved by Lion CG.

During 2019, the Company completed a 1,664 line kilometer ZTEM and magnetic survey covering 165 square miles of the Groundhog property. Sixty additional claims were staked together with a modest program of surface sampling and mapping. The survey identified 19 targets that are worthy of follow-up. A limited geologic reconnaissance program over the strongest ZTEM anomalies did not identify any significant geochemical anomalies, due primarily to thick overburden and scarce outcrop.

In May 2020, the Company filed an independent technical report on Groundhog which supports its assessment that the property has potential to host copper-gold mineralization similar to the nearby Pebble deposit.

On December 13, 2022, the Groundhog property was transferred from Lion CG to Falcon Copper Corp. The Company incurred exploration expenditures of \$166,000 for the year-ended December 31, 2021. In addition, the Company and FCC incurred aggregate exploration expenditures of \$151,000 for the year-ended December 31, 2022 and FCC incurred expenditures of \$72,000 for the year ended December 31, 2023.

Previous geologic, geochemical, and geophysical studies conducted on the property by a major international mining company, identified a number of large, high priority, magnetic and induced polarization (IP) targets. It is the intention to evaluate these, and other targets identified by more recent work by Chuchuna, by mapping, sampling, additional IP geophysical surveying and drilling.

## ***ITEM 3. LEGAL PROCEEDINGS***

The Company is currently contesting the forfeiture of certain water rights by the State of Nevada. For more details see "Water Rights" under "Item 2: Properties" above.

Aside from the abovementioned, we are not a party to any pending legal proceedings and, to the best of our knowledge, none of our properties or assets are the subject of any pending legal proceedings.

## ***ITEM 4. MINE SAFETY DISCLOSURES***

The Company has no active mining operations or dormant mining assets currently and has no outstanding mine safety violations or other regulatory safety matters to report.

## PART II

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### **Market Information**

The principal market on which our common shares are traded is the TSX Venture Exchange under the symbol "LEO". Our common shares also trade on the OTCQB under the symbol "LCGMF."

#### **Exchange Rates**

We maintain our books of account in United States dollars and references to dollar amounts herein are to the lawful currency of the United States except that we are traded on the TSX Venture Exchange and, accordingly, stock price quotes and sales of stock are conducted in Canadian dollars (C\$). The following table sets forth, for the periods indicated, certain exchange rates based on the noon rate provided by the Bank of Canada. Such rates are the number of Canadian dollars per one (1) U.S. dollar (US\$). The high and low exchange rates for each month during the previous six months were as follows:

|                | <u>High</u> | <u>Low</u> |
|----------------|-------------|------------|
| February 2024  | 1.3574      | 1.3404     |
| January 2024   | 1.3522      | 1.3316     |
| December 2023  | 1.3599      | 1.3205     |
| November 2023  | 1.3875      | 1.3581     |
| October 2023   | 1.3871      | 1.3520     |
| September 2023 | 1.3674      | 1.3423     |

The following table sets out the exchange rate (price of one U.S. dollar in Canadian dollars) information as at each of the years ended December 31, 2023 and 2022.

|                       | Year Ended December 31<br>(Canadian \$ per U.S. \$) |             |
|-----------------------|-----------------------------------------------------|-------------|
|                       | <u>2023</u>                                         | <u>2022</u> |
| Rate at end of Period | 1.3226                                              | 1.3544      |
| Low                   | 1.3128                                              | 1.2451      |
| High                  | 1.3875                                              | 1.3856      |

#### **Shareholders**

As of March 25, 2024, there were 265 registered holders of record of the Company's common shares and an undetermined number of beneficial holders.

## Securities Authorized for Issuance under Compensation Plans

The following table sets forth information as of December 31, 2023, respecting the compensation plans under which shares of the Company's common shares are authorized to be issued.

| Plan Category                                              | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            | (a)                                                                                         | (b)                                                                         | (c)                                                                                                                                         |
| Equity compensation plans approved by security holders     | 49,239,020 <sup>(1)</sup>                                                                   | \$0.01 <sup>(2)</sup>                                                       | 43,005,236 <sup>(3)</sup>                                                                                                                   |
| Equity compensation plans not approved by security holders | Nil                                                                                         | Nil                                                                         | Nil                                                                                                                                         |
| Total                                                      | 49,239,020                                                                                  | \$0.01                                                                      | 43,005,236                                                                                                                                  |

### Notes:

(1) Comprised of 49,239,020 stock options.

(2) Weighted-average exercise price of 49,239,020 stock options.

(3) 30,330,661 shares available for issuance under the Company's RSU plan and 12,674,575 shares available for issuance under the Company's stock option plan.

## Recent Sales of Unregistered Securities

On March 2, 2023, the Company completed private placement of unsecured convertible debentures for gross proceeds of \$1,306.172 (the "**December Debentures**"). The December Debentures are unsecured, and bear interest at 14% per annum payable annually. The December Debentures may be converted into shares of the Company at \$0.07 per share until January 2, 2024 and thereafter at \$0.074 per share. The holder has the option to elect to be repaid in kind at any time prior to maturity of the December Debentures by way of the Falcon Butte Shares at the rate of \$0.28 per Falcon Butte Share, provided that any December Debenture held by an insider of the Company requires prior stock exchange approval prior to being repaid in kind. In connection with the sale of the December Debentures, the Company issued to the purchasers one detachable warrant (a "**December Warrant**") for every \$0.07 of principal amount of the December Debentures subscribed for. Each December Warrant entitles the holder to acquire a common share of the Company at a price of \$0.07 for a period of 20 months.

On March 2, 2023, the Company completed a financing of its U.S. controlled subsidiary Falcon Copper Corp., a Wyoming corporation that holds the Blue Copper Project. Pursuant to the financing, Falcon Copper Corp received an aggregate of \$2,000,000 through the sale of shares of its common stock by way of private placement, and a further \$867,500 pursuant to the conversion of Simple Agreement for Future Equity ("**SAFE**") notes. Following the financing of Falcon Copper Corp, the Company retains a 48.8% interest in Falcon Copper Corp. The proceeds will be applied to advance exploration of the Blue Copper Project and to pursue other greenfields exploration targets.

## **Purchases of Equity Securities by the Company and Affiliated Purchasers**

Neither the Company nor an affiliated purchaser of the Company purchased common shares of the Company in the year ended December 31, 2023.

### ***ITEM 6. [RESERVED]***

### ***ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS***

The Management's Discussion and Analysis of Financial Conditions and Results of Operations of the Company for the year ended December 31 2023 are attached to this report following the signature page.

### ***ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Not applicable.

### ***ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The Consolidated Financial Statements for the years ended December 31 2023 and 2022 of the Company and the notes thereto are attached to this report following the signature page and Certifications.

### ***ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

For the fiscal years ended December 31, 2023 and 2022, we did not have any disagreement with our accountants on any matter of accounting principles, practices, or financial statement disclosure.

### ***ITEM 9A. CONTROLS AND PROCEDURES***

#### **Disclosure Controls and Procedures**

The Company's management, including our principal executive officer and our principal financial officer, evaluated the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the principal executive officer and principal financial officer concluded that as of the end of the period covered by this report, the Company has maintained effective disclosure controls and procedures in all material respects, including those necessary to ensure that information required to be disclosed in reports filed or submitted with the SEC (i) is recorded, processed, and reported within the time periods specified by the SEC, and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow for timely decision regarding required disclosure.

## **Management's Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act). Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022, using criteria established in *Internal Control-Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Even an effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error and circumvention or overriding of controls and therefore can provide only reasonable assurance with respect to reliable financial reporting. Furthermore, the effectiveness of an internal control system in future periods can change with conditions.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the framework established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, management concluded that, as of December 31, 2023, we had no deficiencies.

### **Changes in Internal Control**

There have been no changes in internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

### ***ITEM 9B. OTHER INFORMATION***

None.

### ***ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS***

Not applicable.

## **PART III**

### ***ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

#### **DIRECTORS AND EXECUTIVE OFFICERS**

The following table contains information regarding the members of the Board of Directors and the executive officers of the Company:

| Name                  | Age | Position                                                      | Position Held Since                                                        |
|-----------------------|-----|---------------------------------------------------------------|----------------------------------------------------------------------------|
| Charles Travis Naugle | 47  | Director<br>CEO<br>Co-Chairman                                | June 18, 2021<br>May 13, 2021<br>November 1, 2022                          |
| Thomas Patton         | 80  | Director<br>Co-Chairman                                       | November 6, 1998<br>July 31, 2013                                          |
| Stephen Goodman       | 52  | Director<br>President<br>Chief Financial Officer<br>Secretary | September 13, 2021<br>May 13, 2021<br>September 15, 2021<br>August 5, 2021 |
| Tony Alford           | 62  | Director                                                      | September 13, 2021                                                         |
| Steven A. Dischler    | 65  | Vice President, ESG (Environmental, Social and Governance)    | March 1, 2022                                                              |
| Dave Harvey           | 67  | Vice President, Exploration                                   | November 3, 2021                                                           |

Members of the Board of Directors hold office until the Company's next annual general meeting of shareholders or until his or her successor have been duly appointed or elected and qualified. Officers of the Company serve at the discretion of the Board of Directors.

**Charles Travis Naugle** - Mr. Naugle is a seasoned executive and officer in gold, copper, and strategic & critical metals mining companies. He participated in the design, construction, and operation of mining projects in the U.S., Eurasia, Russia, and Asia. His track record includes a focus on environmental and sustainability initiatives in collaboration with local and indigenous peoples, numerous asset- and company-level transactions, negotiating international joint ventures, and securing a bilateral mining treaty between two sovereign nations. A licensed Professional Engineer, Mr. Naugle received his MBA from the University of Chicago Booth School of Business and holds a degree in mining engineering from Montana Tech.

**Thomas Patton** - Mr. Patton is the former President and COO of Western Silver, Senior VP Exploration and Business Development of Kennecott, and Managing Director of Rio Tinto Mining and Exploration, South America. Mr. Patton has worked as a resource exploration geologist for over 40 years. He notably headed the Western Silver team that discovered and delineated the world's largest silver reserve, Penasquito, and subsequently sold it to Glamis Gold (now Goldcorp) for \$1.2 billion in 2006. Mr. Patton was former Executive VP Exploration of Kennecott.

**Stephen Goodman** - Mr. Goodman has been involved as a senior executive, director and investment banker in several hundred million dollars of acquisition, exploration and production financings for mining companies listed on the Canadian Securities Exchange and TSX Venture Exchange. After several years at Canaccord Capital, he moved to New York to work as an investment banker working at firms including Casimir Capital, Knight Capital Group, KGS Alpha Capital Markets (now BMO) and StormHarbour Securities LP. Mr. Goodman is a graduate of the University of Western Ontario, attained a master of business administration from the Institut des Hautes Etudes Economiques et Commerciales in France and attained a postgraduate diploma in Asia Management from Capilano University.

**Tony Alford** - Mr. Alford has a history of executive leadership, including serving as a director of Revett Minerals Inc. in 2009 and 2010, where he was part of the team that rang the bell on the NYSE Amex listing of the company. Mr. Alford is the founder and president of PBA Consultants Inc., a firm specializing in tax savings and cost reduction services, for many of the fortune 500 companies across the United States. In 1993, Mr. Alford founded Alford Investments focusing on real estate investment properties, pharmacy distribution, food-related and natural resource companies.

## OTHER DIRECTORSHIPS

The following table sets forth the current directors of the Company who are directors of other reporting issuers:

| Name of Director      | Reporting Issuers |
|-----------------------|-------------------|
| Charles Travis Naugle | N/A               |
| Thomas Patton         | Riley Gold Corp.  |
| Stephen Goodman       | N/A               |
| Tony Alford           | N/A               |

## INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

During the past ten years, none of the persons currently serving as executive officers and/or directors of the Company has been the subject matter of any of the following legal proceedings that are required to be disclosed pursuant to Item 401(f) of Regulation S-K including: (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any criminal convictions or pending criminal proceeding; (c) any order, judgment, or decree permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (d) any finding by a court, the Securities and Exchange Commission ("SEC") or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud; (e) any sanction or order of any self-regulatory organization or registered entity or equivalent exchange, association or entity; or (f) any material proceedings in which such person is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries. Further, no such legal proceedings are believed to be contemplated by governmental authorities against any director, executive officer or affiliate of the Company, any owner of record or beneficially of more than five percent of the Company's Common Stock, or any associate of such director, executive officer, affiliate of the Company, or security holder.

#### **RELATIONSHIPS AMONG DIRECTORS OR EXECUTIVE OFFICERS**

There are no family relationships among any of the existing directors or executive officers of the Company.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), requires the Company's directors, executive officers and persons who own more than 10% of a registered class of the Company's securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file.

To the Company's knowledge, based solely on a review of Forms 3 and 4, as amended, furnished to it during its most recent fiscal year, and Form 5, as amended, furnished to it with respect to such year, the Company believes that during the year ended December 31, 2023, its directors, executive officers and greater than 10% shareholders complied with all Section 16(a) filing requirements of the Exchange Act.

### ETHICAL BUSINESS CONDUCT

The Board has adopted a written code of ethics (the "**Code**") applicable to officers and directors of the Company, entitled "Code of Business Conduct and Ethics".

The Company's audit committee monitors compliance with the Code, and the Board and audit committee are responsible for granting any waivers from the Code. During the recently completed fiscal year, there was no conduct by a director or executive officer that constituted a departure from the Code and no material change report in that respect has been filed.

### AUDIT COMMITTEE

The Board has an audit committee (the "**Audit Committee**") composed of three directors, Tony Alford, Thomas Patton, and Stephen Goodman. One member of the Audit Committee is "independent", being Tony Alford. Thomas Patton is considered not "independent" on the basis that he is the Co-Chairman of the Company and Stephen Goodman is considered not "independent" on the basis that he is the President and CFO of the Company. All members are "financially literate" in accordance with Multilateral Instrument 52-110 Audit Committees ("**NI 52-110**"). The Audit Committee reviews all financial statements of the Company prior to their publication, reviews audits or communications, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by independent auditors and reviews fees for audit services. The Audit Committee meets both separately with auditors (without management present) as well as with management present. The meetings with the auditors discuss the various aspects of the Company's financial presentation in the areas of audit risk and Canadian generally accepted accounting principles. Specifically, the Audit Committee has:

- (a) reviewed and discussed the audited financial statements with management;
- (b) discussed with the independent auditors the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC; and
- (c) received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the foregoing review and discussions, the audit committee recommended to the Board that the audited financial statements should be included in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC.

Submitted by the Audit Committee.

Tony Alford, Member

Thomas Patton, Member

Stephen Goodman, Member



## Audit Committee Financial Expert

Thomas Patton is the Chair of the Audit Committee. Each member of the Audit Committee is a "financial expert" as defined in Item 407 of Regulation S-K.

## Insider Trading Policy

The Company has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of its securities by directors, officers and employees, or the Company itself, which have been filed as an exhibit to this Form 10-K.

## ITEM 11. EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

The following table sets forth all information concerning the total compensation of the Company's president, chief executive officer, chief financial officer, and the two other most highly compensated officers (the "Named Executive Officers") during the last two completed fiscal years for services rendered to the Company in all capacities.

| Name and Principal Position                         | Year | Salary (\$) | Bonus (\$) | Stock Awards <sup>(5)</sup> (\$) | Option Awards <sup>(1)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------------------------------------|------|-------------|------------|----------------------------------|-----------------------------------|---------------------------------------------|-------------------------------------------------------------------------------|-----------------------------|------------|
| Charles Travis Naugle<br>CEO <sup>(2)</sup>         | 2023 | 250,000     | Nil        | (80,649)                         | 294,643                           | N/A                                         | N/A                                                                           | N/A                         | 463,994    |
|                                                     | 2022 | 250,000     | N/A        | 174,204                          | 193,172                           | N/A                                         | N/A                                                                           | N/A                         | 617,376    |
| Stephen Goodman<br>President and CFO <sup>(3)</sup> | 2023 | 200,000     | Nil        | (80,649)                         | 246,655                           | N/A                                         | N/A                                                                           | N/A                         | 366,006    |
|                                                     | 2022 | 200,000     | N/A        | 80,884 <sup>(4)</sup>            | 170,514                           | N/A                                         | N/A                                                                           | N/A                         | 451,398    |
| Dave Harvey<br>Vice President, Exploration          | 2023 | 156,000     | Nil        | Nil                              | 27,353                            | N/A                                         | N/A                                                                           | N/A                         | 183,353    |
|                                                     | 2022 | 156,000     | Nil        | Nil                              | 16,372                            | N/A                                         | N/A                                                                           | N/A                         | 172,372    |
| Steven Dischler<br>Vice President, ESG              | 2023 | 150,000     | Nil        | Nil                              | 27,353                            | N/A                                         | N/A                                                                           | N/A                         | 177,353    |
|                                                     | 2022 | 125,000     | Nil        | Nil                              | 24,558                            | N/A                                         | N/A                                                                           | N/A                         | 149,558    |

(1) The determination of the value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 6 to the Company's consolidated financial statements for the fiscal year ended December 31, 2023.

(2) Charles Travis Naugle was appointed as the Chief Executive Officer of the Company on May 13, 2021.

(3) Stephen Goodman was appointed as the President of the Company on May 13, 2021 and the Chief Financial Officer of the Company on September 15, 2021.

(4) This figure does not include 1,333,333 RSUs that were cancelled on June 2, 2022.

(5) 5,333,334 unvested RSU's was cancelled in 2023, and their respective share-based payments expense was reversed.

## Director Compensation

During the financial year ended December 31, 2023, the Company paid Thomas Pressello \$21,000 in cash for director services.

Other than as disclosed herein, no cash compensation was paid to any director of the Company for the director's services as a director during the financial year ended December 31, 2023, other than the reimbursement of out-of-pocket expenses.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange.

### GRANTS OF PLAN-BASED AWARDS TABLE

During the most recently completed financial year, incentive stock options were granted to directors, including directors who are Named Executive Officers as follows:

| Name                            | Grant Date    | Estimated future payouts under non-equity incentive plan awards |             |               | Estimated future payouts under equity incentive plan awards |             |               | All other stock awards: Number of shares of stock or units (#) | All other option awards: Number of securities underlying options (#) | Exercise or base price of option awards (\$/Sh) | Grant date fair value of stock and option awards |
|---------------------------------|---------------|-----------------------------------------------------------------|-------------|---------------|-------------------------------------------------------------|-------------|---------------|----------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|
|                                 |               | Thres-hold (\$)                                                 | Target (\$) | Max-imum (\$) | Thres-hold (\$)                                             | Target (\$) | Max-imum (\$) |                                                                |                                                                      |                                                 |                                                  |
| Charles Travis Naugle           | July 21, 2023 | N/A                                                             | N/A         | N/A           | N/A                                                         | N/A         | N/A           | 5,385,965                                                      | N/A                                                                  | C\$0.08                                         | C\$389,276                                       |
| Stephen Goodman                 | July 21, 2023 | N/A                                                             | N/A         | N/A           | N/A                                                         | N/A         | N/A           | 4,508,772                                                      | N/A                                                                  | C\$0.08                                         | C\$325,876                                       |
| Tony Alford                     | July 21, 2023 | N/A                                                             | N/A         | N/A           | N/A                                                         | N/A         | N/A           | 5,600,000                                                      | N/A                                                                  | C\$0.08                                         | C\$404,746                                       |
| Thomas Pressello <sup>(1)</sup> | July 21, 2023 | N/A                                                             | N/A         | N/A           | N/A                                                         | N/A         | N/A           | 1,000,000                                                      | N/A                                                                  | C\$0.08                                         | C\$72,276                                        |

(1) Thomas Pressello resigned as a director of the Company on July 28, 2023.

### OUTSTANDING EQUITY AWARDS AT THE MOST RECENTLY COMPLETED FISCAL YEAR

As at the end of the most recently completed financial year, the following unexercised incentive stock options and equity incentive plan awards granted to directors, including directors who are Named Executive Officers, were outstanding:

| Name                         | Option awards                                                      |                                                                       |                                                                                                |                            |                        | Stock awards                                                |                                                                   |                                                                                                         |                                                                                                                          |
|------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|                              | Number of securities underlying unexercised options (#)exercisable | Number of securities underlying unexercised options (#) unexercisable | Equity incentive plan awards: Number of securities underlying unexercised unearned options (#) | Option exercise price (\$) | Option expiration date | Number of shares or units of stock that have not vested (#) | Market value of shares or units of stock that have not vested (#) | Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#) | Equity incentive plan awards: Market of payout value of unearned shares, units or other rights that have not vested (\$) |
| Charles Travis Naugle        | 500,000                                                            | Nil                                                                   | Nil                                                                                            | C\$0.245                   | 2026-06-18             | Nil                                                         | Nil                                                               | Nil                                                                                                     | Nil                                                                                                                      |
|                              | 1,500,000                                                          |                                                                       |                                                                                                | C\$0.11                    | 2026-09-17             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 2,530,000                                                          |                                                                       |                                                                                                | C\$0.085                   | 2027-05-25             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 5,385,965                                                          |                                                                       |                                                                                                | C\$0.08                    | 2028-07-21             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
| Thomas Patton <sup>(3)</sup> | 200,000                                                            | Nil                                                                   | Nil                                                                                            | C\$0.07                    | 2024-06-21             | Nil                                                         | Nil                                                               | Nil                                                                                                     | Nil                                                                                                                      |
|                              | 300,000                                                            |                                                                       |                                                                                                | C\$0.08                    | 2025-06-30             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 200,000                                                            |                                                                       |                                                                                                | C\$0.245                   | 2026-06-18             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 700,000                                                            |                                                                       |                                                                                                | C\$0.085                   | 2027-05-25             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 1,000,000                                                          |                                                                       |                                                                                                | C\$0.08                    | 2028-07-21             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
| Stephen Goodman              | 500,000                                                            | Nil                                                                   | Nil                                                                                            | C\$0.245                   | 2026-06-18             | Nil                                                         | Nil                                                               | Nil                                                                                                     | Nil                                                                                                                      |
|                              | 1,500,000                                                          |                                                                       |                                                                                                | C\$0.11                    | 2026-09-17             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 2,170,000                                                          |                                                                       |                                                                                                | C\$0.085                   | 2027-05-25             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 4,508,772                                                          |                                                                       |                                                                                                | C\$0.08                    | 2028-07-21             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
| Tony Alford                  | 400,000                                                            | Nil                                                                   | Nil                                                                                            | C\$0.245                   | 2026-06-18             | Nil                                                         | Nil                                                               | Nil                                                                                                     | Nil                                                                                                                      |
|                              | 1,500,000                                                          |                                                                       |                                                                                                | C\$0.11                    | 2026-09-17             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 1,500,000                                                          |                                                                       |                                                                                                | C\$0.09                    | 2026-10-21             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 700,000                                                            |                                                                       |                                                                                                | C\$0.085                   | 2027-05-25             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 957,713                                                            |                                                                       |                                                                                                | C\$0.072                   | 2025-08-18             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |
|                              | 5,600,000                                                          |                                                                       |                                                                                                | C\$0.08                    | 2028-07-21             |                                                             |                                                                   |                                                                                                         |                                                                                                                          |

Notes:

- (1) "Value of unexercised in-the-money options" is calculated by determining the difference between the market value of the securities underlying the options at the date referred to and the exercise price of the options and is not necessarily indicative of the value (i.e. loss or gain) that will actually be realized by the directors.
- (2) "in-the-money options" means the excess of the market value of the Company's shares on December 31, 2023 over the exercise price of the options.
- (3) Thomas Pressello resigned as a director of the Company on July 28, 2023.

## OPTION EXERCISES AND STOCK VESTED

The following table provides information concerning each exercise of stock options during the last completed fiscal year for each of the Named Executive Officers.

| Name                  | Option Awards                             |                                 | Stock Awards                             |                                |
|-----------------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------|
|                       | Number of shares acquired on exercise (#) | Value realized on exercise (\$) | Number of shares acquired on vesting (#) | Value realized on vesting (\$) |
| Charles Travis Naugle | Nil                                       | Nil                             | Nil                                      | Nil                            |
| Stephen Goodman       | Nil                                       | Nil                             | Nil                                      | Nil                            |
| Dave Harvey           | Nil                                       | Nil                             | Nil                                      | Nil                            |
| Steven Dischler       | Nil                                       | Nil                             | Nil                                      | Nil                            |

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The following contracts, agreements, plans, and arrangements provide for payments to the applicable Named Executive Officers following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in such Named Executive Officers' responsibilities:

*Charles Travis Naugle* - Mr. Naugle entered into an employment agreement with the Company and its subsidiary, Quatterra Alaska, Inc., dated effected May 1, 2021 and amended September 15, 2021, pursuant to which the Company engaged Naugle as the Chief Executive Officer of the Company and an officer of the subsidiary. Pursuant to the agreement, the subsidiary agreed to pay Mr. Naugle an annual base salary of US\$250,000 (the "**Annual Salary**") effective September 15, 2021 in consideration for his services. The agreement was further amended on November 1, 2022 such that 52% of the Annual Salary will be paid in shares of Falcon Butte Minerals Corp. (the "**Falcon Butte Shares**"). The deemed price of the Falcon Butte Shares will be equal to the fair market value of the Falcon Butte Shares ("**FMV**") at the time the Company transfers such shares to Mr. Naugle. The payment schedule for the Falcon Butte Shares is as follows: (i) as at November 1, 2022, US\$32,500 of the Annual Salary shall be converted to Falcon Butte Shares; and (ii) as at February 1, 2023, US\$32,500 of the Annual Salary shall be converted to Falcon Butte Shares. The payment terms for the Falcon Butte Shares are applicable for six months beginning on November 1, 2022 and these payment terms can be extended on a quarterly basis thereafter by mutual consent of the parties. The final share issuance was granted on February 24, 2023, and the payment terms were not extended. For the purposes of the foregoing, the FMV will be the greater of \$0.28 and the last cash issuance price per Falcon Butte Share (pursuant to a bona fide financing) as at the time of payment.

Upon the expiration of one year following the date of the agreement and each year thereafter during the term of the agreement, the Board shall review Mr. Naugle's salary with a view to increase, giving consideration to the financial position of the Companies and the scope of their activities. Mr. Naugle will be entitled to receive an annual grant of options under the stock option plan of each of the Companies. The number of options will be determined at the discretion of the Board. The exercise price per common share of the Company will be equal to the Market Price (as defined in the policies of the TSX Venture Exchange) of the Company's common shares as at the Annual Review Date (as defined in the agreement), subject to a minimum exercise price per share of C\$0.05.

If Mr. Naugle shall become disabled or incapacitated to such an extent that he is unable to perform his regular duties, he shall be entitled to receive, during such disability or incapacitation, his full salary from the date thereof, payable monthly for two months. If the companies discharge Mr. Naugle for cause, he shall be entitled to two months' notice of such discharge. In the event that either of the companies completes a change of control during the term of the agreement or within six months of the termination of the agreement, upon the completion of such change of control, the companies shall pay Mr. Naugle a payment equal to three times his annual compensation, calculated as at the earlier of the date of the change of control or the last day of his employment. The agreement is for a term ending three years from the date of May 1, 2021, unless extended or terminated earlier.

*Stephen Goodman* - Mr. Goodman entered into an employment agreement with the Company and its subsidiary, Quatterra Alaska, Inc., dated effected May 1, 2021 and amended September 15, 2021, pursuant to which the Company engaged Goodman as the President, Corporate Secretary and Chief Financial Officer of the Company and as the President of the subsidiary (the “**Employment Agreement**”). Pursuant to the Employment Agreement, the Company agreed to modify the agreement at the request of Mr. Goodman to convert the Employment Agreement to a Consulting Agreement on similar terms. Mr. Goodman, through his management services company, subsequently entered into a consulting agreement dated September 15, 2021 with the Company (the “**Consulting Agreement**”). Pursuant to the Consulting Agreement, the Company agreed to pay Mr. Goodman an annual fee of US\$200,000 effective September 15, 2021 in consideration for his services. The Board, in its sole discretion following consultation with Mr. Goodman, will establish strategic objectives for him for each period commencing on December 15 in the first year of employment, and thereafter for each annual period ending December 15. Mr. Goodman will be entitled to receive an annual grant of options under the Company’s stock option plan of each of the companies on each annual review date based on a minimum of 50% and maximum of 150% of the annual fee using an exercise price equal to the Market Price on the date of grant. As at the current date no determination has been made by the Board concerning the annual grant of options for the annual period ended December 15, 2021. If the companies terminate the Consulting Agreement for any reason other than for cause or death or disability, Mr. Goodman shall receive a payment equal to 75% of the annual grant of options under the stock option plan of the companies that was due to be paid on the next annual review date following such date of termination. In the event that either of the companies completes a change of control during the term of the Consulting Agreement or within six months of the termination of the Consulting Agreement, upon the completion of such change of control, the companies shall pay Mr. Goodman’s management services company a payment equal to three times his annual fee, calculated as at the earlier of the date of the change of control or the last day of his services. The Consulting Agreement is for a term ending three years from the date of May 1, 2021, unless extended or terminated earlier.

Other than the agreements described above, the Company and its subsidiaries are not parties to any contracts, and have not entered into any plans or arrangements which require compensation to be paid to any of the Named Executive Officers in the event of:

- (a) resignation, retirement or any other termination of employment with the Company or one of its subsidiaries;
- (b) a change of control of the Company or one of its subsidiaries; or
- (c) a change in the director, officer or employee's responsibilities following a change of control of the Company.

## NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE

### Objectives of the Compensation Program

The general objectives of the Company's compensation strategy are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value;
- (b) provide a compensation package that is competitive with other comparable mineral exploration companies to enable the Company to attract and retain talent; and
- (c) ensure that the total compensation package is designed in a manner that takes into account the Company's present stage of development and its available financial resources. The Company's compensation packages have been designed to provide a non-cash stock option component in conjunction with a reasonable cash salary.

Salaries for the NEOs are determined by evaluating the responsibilities inherent in the position held, and the individuals experience and past performance, as well as by reference to the competitive marketplace for management talent at other mineral exploration companies. Following the annual general meeting of shareholders, the Board reviews actual performance for the Company and the each of the NEOs for such year, including the quality and measured progress of the Company's exploration projects, raising of capital and similar achievements.

### Elements of Compensation

During 2023, the Company's compensation program consisted of two elements (i) cash and (ii) incentive stock options administered under the Company's stock option plan. The Company does not presently have a long-term incentive plan. There is no policy or target regarding allocation between cash and non- cash elements of the Company's compensation program. The Board reviews annually the total compensation package of each of the Company's NEOs on an individual basis, against the backdrop of the competitive landscape and the compensation goals and objectives described above.

*Salary* - Base salaries for the NEOs for any given year are reviewed by the Board. Increases or decreases in salary on a year over year basis are dependent on the Board's assessment of the performance of the Company and the particular NEO. When considering the base salaries of each of the Company's NEOs, the Board reviews the qualifications and performance of, and salaries paid to executives of similar companies engaged in mining exploration and development. Recommendations for executive salaries are made by the Board in consultation with the CEO.

*Incentive Awards* - The Board believes that a significant portion of each NEO's compensation should be in the form of equity awards. Equity awards are made to the NEOs pursuant to the Company's stock option plan and restricted share unit plan. The stock option plan provides for awards in the form of stock options and the restricted share unit plan provides for awards in the form of restricted share units ("**RSUs**"). Since the value of RSUs increase or decrease with the price of the Common Shares, RSUs achieve the compensation objective of aligning the interests of executives with those of Shareholders. In addition, RSUs have time-based vesting features, and can also have performance based vesting features, that can be used to better motivate executives and to encourage qualified and experienced executives to make long-term commitments to the Company. In addition, the Board has generally followed a practice of issuing stock options to its NEOs on an annual basis in June of each year. The Board retains the discretion to make additional awards to NEOs at other times, in connection with the initial hiring of a new executive, for retention purposes or otherwise. In determining the amount of stock options and RSUs to be issued, the Board considers qualifications, performance, and option/ RSU programs of similar companies.

*Perquisites and Other Personal Benefits* - The Company's NEOs are not generally entitled to significant perquisites. The Company offers health care benefits, but there are no other perquisites which account for a material portion of the overall compensation paid to any NEO.

The board of directors did not consider the implications of the risks associated with the Company's compensation policies and practices. None of the NEOs or directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such NEOs or directors.

#### **Compensation Committee Interlocks and Insider Participation**

The Company does not currently have a Compensation Committee. Compensation for executive officers and directors is determined by the entire Board. Directors abstain themselves from determinations of their own compensation. The Company has not identified any interlocking relationships with directors or executive officers of another entity.

#### **Compensation Committee Report**

The Board considered the Compensation Discussion and Analysis with management, and approved its inclusion in this Form 10-K.

Submitted by:

Thomas Patton

Stephen Goodman

Charles Travis Naugle

Tony Alford

#### ***ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.***

##### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out information as of the end of the fiscal year ended December 31, 2023 with respect to compensation plans under which equity securities of the Company are authorized for issuance.



| <b>Plan Category</b>                                              | <b>Number of securities to be issued upon exercise of outstanding options, warrants and RSUs</b> | <b>Weighted-average exercise price of outstanding options, warrants and RSUs</b> | <b>Number of securities remaining available for future issuances under equity compensation plan [excluding securities reflected in column (a)]</b> |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equity compensation plans approved by security holders</b>     | 49,239,020 <sup>(1)</sup>                                                                        | \$0.01 <sup>(2)</sup>                                                            | 43,005,236 <sup>(3)</sup>                                                                                                                          |
| <b>Equity compensation plans not approved by security holders</b> | Nil                                                                                              | Nil                                                                              | Nil                                                                                                                                                |
| <b>Total:</b>                                                     | 49,239,020                                                                                       | \$0.01                                                                           | 43,005,236                                                                                                                                         |

**Notes:**

(1) Comprised of 49,239,020 stock options.

(2) Weighted-average exercise price of 49,239,020 stock options.

(3) 30,330,661 shares available for issuance under the Company's RSU plan and 12,674,575 shares available for issuance under the Company's stock option plan.

The Company's option plan (the "Option Plan") was approved by the Company's shareholders at the annual general and special meeting held on June 20, 2023. The Option Plan is a 20% fixed plan, and a maximum of 61,913,595 options are issuable under the Option Plan. The purpose of the Option Plan is to provide an incentive to directors, employees and consultants of the Company or its subsidiary to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

#### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

To the knowledge of the directors and executive officers of the Company, the beneficial owners or persons exercising control or direction over Company shares carrying more than 5% of the outstanding voting rights as at March 26, 2024 are:

| <b>Name and Address</b>              | <b>Number of Common Shares<sup>(1)</sup></b> | <b>Nature of Ownership</b>     | <b>Approximate % of Total Issued and Outstanding</b> |
|--------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------------|
| Tony Alford<br>Kernersville, NC, USA | 93,283,509                                   | Direct and Jointly with Spouse | 24.37%                                               |

(1) The information relating to the above share ownership was obtained by the Company from insider reports and beneficial ownership reports on Schedule 13D filed with the SEC or available at [www.sedi.ca](http://www.sedi.ca), or from the shareholder.

(2) This figure does not include 15,234,794 shares registered to Mr. Alford's spouse, 24,788,445 common shares issuable pursuant to exercise of warrants, 15,302,713 common shares issuable pursuant to exercise of options, and \$50,000 of convertible debentures.

## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of March 26, 2024, by:

- (i) each director of the Company;
- (ii) each of the Named Executive Officers of the Company; and
- (iii) all directors and executive officers as a group.

Except as noted below, the Company believes that the beneficial owners of the Common Stock listed below, based on information furnished by such owners, have sole voting and investment power with respect to such shares.

| Name of<br>Beneficial Owner                   | Shares<br>Beneficially<br>Owned <sup>(1)(2)(3)(4)</sup> | Percentage of Shares<br>Beneficially Owned |
|-----------------------------------------------|---------------------------------------------------------|--------------------------------------------|
| Charles Travis Naugle                         | 2,166,667 <sup>(4)</sup>                                | 0.57%                                      |
| Thomas Patton                                 | 9,997,110 <sup>(5)</sup>                                | 2.61%                                      |
| Stephen Goodman                               | 3,442,952                                               | 0.90%                                      |
| Tony Alford                                   | 93,283,509 <sup>(6)</sup>                               | 24.37%                                     |
| Steven Dischler                               | 7,104,475 <sup>(7)</sup>                                | 1.86%                                      |
| Dave Harvey                                   | Nil                                                     | Nil                                        |
| <b>All officers and directors (7) persons</b> | <b>115,994,713</b>                                      | <b>30.30%</b>                              |

- (1) These amounts exclude beneficial ownership of securities not currently outstanding, but which are reserved for immediate issuance on exercise of stock options as follows: 9,915,965 shares issuable to Charles Travis Naugle, 2,400,000 shares issuable to Thomas Patton, 10,108,772 shares issuable to Stephen Goodman, 15,302,713 shares issuable to Mr. Alford, 1,760,000 shares issuable to Mr. Dischler, and 1,000,000 shares issuable to Dave Harvey.
- (2) These amounts exclude beneficial ownership of securities not currently outstanding, but which are reserved for immediate issuance on exercise of warrants as follows: 6,133,878 shares issuable to Charles Travis Naugle, 400,000 shares issuable to Thomas Patton, 3,009,625 shares issuable to Stephen Goodman, 24,788,445 shares issuable to Tony Alford, and 2,101,922 shares issuable to Steven Dischler.
- (3) These amounts exclude beneficial ownership of securities not currently outstanding, but which are reserved for immediate issuance on conversion of convertible debentures as follows: 5,300,544 shares issuable to Charles Travis Naugle, 83,333 shares issuable to Stephen Goodman, and 833,333 shares issuable to Tony Alford.
- (4) Includes 833,334 shares held indirectly through Redhill Energy LLC.
- (5) Includes 6,889,348 shares held indirectly through Thomas C. and Linda Sue Patton Trust.
- (6) Mr. Alford holds 93,283,509 Shares (held directly and held jointly with his spouse), and indirectly holds 15,234,794 Shares that are registered to his spouse.
- (7) Includes 100,000 shares held jointly with Mr. Dischler's spouse.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

During the year ended December 31, 2023, Charles Travis Naugle, Stephen Goodman, and Tony Alford, and Steven Dischler subscribed for \$1,926,000 of unsecured convertible debentures in a financing. 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 \$0.07 (\$0.095 CAD) per share until January 2, 2024, and thereafter at \$0.074 (\$0.10 CAD) per share.

In February of 2024, Charles Travis Naugle, Stephen Goodman, and Tony Alford subscribed for an aggregate \$373,033 of unsecured convertible debentures ("**Replacement Debentures**") issued in replacement of previously issued convertible debentures. The Replacement Debentures have a maturity date of 12 months and bear interest at a rate of 20% per annum, and are convertible into common shares of the Company at \$0.06 (C\$0.08) per share.

In 2024, Tony Alford, Stephen Goodman and Steven Dischler participated in a debt settlement for matured convertible debentures by subscribing for an aggregate of 41,707,215 shares at a price of \$0.042 (C\$0.05625) per share for a total of \$1,751,703.15. Also in March of 2024, Stephen Goodman, Tony Alford and Steven Dischler participated in a private placement for a total of 12,797,618 units for a total of \$537,500, at a price of \$0.042 (C\$0.05625) per unit. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.056 (C\$0.075) per share for a period of five years from the date of issuance.

Other than as described herein, there were no transactions, since the beginning of the Company's last fiscal year, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest. Related party transactions are reviewed by the Board as part of the transaction approval process. Transactions are approved in Board minutes or unanimous consent documentation. The Audit Committee is mandated to review and approve all material related party transactions.

## **DIRECTOR INDEPENDENCE**

The Company's common shares are listed on the TSX Venture Exchange. Under TSX Venture Exchange rules, the Board is required to affirmatively determine that each "independent" director has no material relationship with the Company which would interfere with the exercise of independent judgment. The Board has determined that the following director is "independent" as required by TSX Venture Exchange listing standards: Tony Alford.

## **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

MNP LLP has served as the Company's independent auditors since October 18, 2021, and will be appointed by the Board of Directors to continue as the Company's independent auditor for the Company's fiscal year ending December 31, 2024, and until the next annual general meeting of shareholders.

The fees for services provided by MNP LLP, to the Company in each of the fiscal years ended December 31, 2023 and 2022 were as follows:

| <b>Fees</b>        | <b>2023</b> | <b>2022</b> |
|--------------------|-------------|-------------|
| Audit Fees         | C\$194,699  | C\$126,988  |
| Audit Related Fees | N/A         | N/A         |
| Tax Fees           | N/A         | N/A         |
| All Other Fees     | N/A         | N/A         |
| Total              | C\$194,699  | C\$126,988  |

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. Under the Company's Audit Committee Charter, the Audit Committee is required to pre-approve the audit and non-audit services performed by the external auditors. Unless a type of service is to be provided by the external auditors receives general pre-approval, it requires specific pre-approval by the Company's Audit Committee.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

#### Financial Statements and Management's Discussion and Analysis

The following Consolidated Financial Statements are filed as part of this report.

| Description                                                                                                    | Page                |
|----------------------------------------------------------------------------------------------------------------|---------------------|
| <a href="#">Financial statements for the years ended December 31, 2023 and 2022 and audit reports thereon.</a> | <a href="#">F-1</a> |
| <a href="#">Management's Discussion and Analysis for the years ended December 31, 2023 and 2022.</a>           | <a href="#">F-2</a> |

#### Exhibits

The following table sets out the exhibits filed herewith or incorporated herein by reference.

| Exhibit                            | Description                                                                                                                                                    |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">3.1<sup>(4)</sup></a>  | <a href="#">Certificate of Incorporation and Certificates of Change of Name</a>                                                                                |
| <a href="#">3.2<sup>(5)</sup></a>  | <a href="#">Notice of Articles dated July 28, 2023</a>                                                                                                         |
| <a href="#">3.3<sup>(2)</sup></a>  | <a href="#">Articles dated June 21, 2018</a>                                                                                                                   |
| <a href="#">10.1<sup>(4)</sup></a> | <a href="#">Stock Option Plan and RSU Plan</a>                                                                                                                 |
| <a href="#">10.2<sup>(3)</sup></a> | <a href="#">Shareholder Rights Plan dated June 21, 2018</a>                                                                                                    |
| <a href="#">10.3<sup>(4)</sup></a> | <a href="#">Management Contract with Charles Travis Naugle</a>                                                                                                 |
| <a href="#">10.4<sup>(5)</sup></a> | <a href="#">Management Contract with Stephen Goodman</a>                                                                                                       |
| <a href="#">19.1<sup>(4)</sup></a> | <a href="#">Insider Trading Policy</a>                                                                                                                         |
| <a href="#">21.1<sup>(5)</sup></a> | <a href="#">List of Subsidiaries</a>                                                                                                                           |
| <a href="#">23.1<sup>(5)</sup></a> | <a href="#">Consent of MNP LLP</a>                                                                                                                             |
| <a href="#">31.1<sup>(5)</sup></a> | <a href="#">Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 of the Principal Executive Officer</a>           |
| <a href="#">31.2<sup>(5)</sup></a> | <a href="#">Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 of the Principal Financial Officer</a>           |
| <a href="#">32.1<sup>(5)</sup></a> | <a href="#">Section 1350 Certification of the Principal Executive Officer</a>                                                                                  |
| <a href="#">32.2<sup>(5)</sup></a> | <a href="#">Section 1350 Certification of the Principal Financial Officer</a>                                                                                  |
| 101.INS                            | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document |
| <a href="#">101.SCH</a>            | <a href="#">Inline XBRL Taxonomy Extension Schema Document</a>                                                                                                 |
| <a href="#">101.CAL</a>            | <a href="#">Inline XBRL Taxonomy Extension Calculation Linkbase Document</a>                                                                                   |
| <a href="#">101.DEF</a>            | <a href="#">Inline XBRL Taxonomy Extension Definition Linkbase Document</a>                                                                                    |
| <a href="#">101.LAB</a>            | <a href="#">Inline XBRL Taxonomy Extension Label Linkbase Document</a>                                                                                         |
| <a href="#">101.PRE</a>            | <a href="#">Inline XBRL Taxonomy Extension Presentation Linkbase Document</a>                                                                                  |
| 104                                | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                       |



- (1) Previously filed as exhibit to the Form 20-F/A filed May 31, 2022 and incorporated herein by reference.  
(2) Previously filed as exhibit to the Form 20-F filed April 30, 2020 and incorporated herein by reference.  
(3) Previously filed as exhibit to Form 6-K filed June 26, 2018 and incorporated herein by reference.  
(4) Previously filed as exhibit to Form 10-K filed March 31, 2023 and incorporated herein by reference.  
(5) Filed herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### LION COPPER AND GOLD CORP.

By: "Stephen Goodman"

Stephen Goodman

President and Chief Financial Officer

Date: March 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Signature</u>                                        | <u>Title</u>                                                                                    | <u>Date</u>    |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------|
| <u>"Charles Travis Naugle"</u><br>Charles Travis Naugle | Chief Executive Officer and<br>Director (Principal Executive Officer)                           | March 29, 2024 |
| <u>"Stephen Goodman"</u><br>Stephen Goodman             | President, Chief Financial Officer and Director<br>(Principal Financial and Accounting Officer) | March 29, 2024 |
| <u>"Thomas Patton"</u><br>Thomas Patton                 | Co-Chairman and Director                                                                        | March 29, 2024 |
| <u>"Tony Alford"</u><br>Tony Alford                     | Director                                                                                        | March 29, 2024 |



## **Lion Copper and Gold Corp.**

### **Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(Expressed in thousands of U.S. Dollars)**

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To the Board of Directors and Shareholders of Lion Copper and Gold Corp.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Lion Copper and Gold Corp. and its subsidiaries (the Company) as at December 31, 2023 and 2022, and the related consolidated statements of operations, changes in equity, and cash flow for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

**Material Uncertainty Related to Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities that raises substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2021.

Vancouver, Canada

"MNP LLP"

March 22, 2024

Chartered Professional Accountants  
1930



**Lion Copper and Gold Corp.**  
Consolidated Balance Sheets  
As at December 31, 2023 and 2022  
(In thousands of U.S. Dollars)

|                                                                                                                          | Note   | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------------------------------------------------------------------------------------------------|--------|----------------------|----------------------|
| <b>ASSETS</b>                                                                                                            |        |                      |                      |
| <b>Current assets</b>                                                                                                    |        |                      |                      |
| Cash                                                                                                                     |        | \$ 2,310             | \$ 1,365             |
| Other receivables                                                                                                        |        | 14                   | 7                    |
| Prepaid and deposit                                                                                                      |        | 62                   | 56                   |
|                                                                                                                          |        | 2,386                | 1,428                |
| Other Receivables - Long term                                                                                            |        | 10                   | -                    |
| Mineral properties                                                                                                       | 4,14   | 7,647                | 7,884                |
| Reclamation bonds                                                                                                        |        | 9                    | 23                   |
| Investment in associate                                                                                                  | 5      | 1,206                | 1,504                |
| <b>Total assets</b>                                                                                                      |        | <b>\$ 11,258</b>     | <b>\$ 10,839</b>     |
| <b>LIABILITIES</b>                                                                                                       |        |                      |                      |
| <b>Current liabilities</b>                                                                                               |        |                      |                      |
| Accounts payable                                                                                                         |        | \$ 163               | \$ 232               |
| Accrued liabilities                                                                                                      |        | -                    | 4                    |
| Rio Tinto Deposit                                                                                                        | 6      | 1,357                | 613                  |
| SAFE Notes                                                                                                               | 10     | -                    | 1,131                |
| Derivative liabilities                                                                                                   | 8      | 176                  | 4                    |
| Convertible Debentures - current                                                                                         | 8,9,13 | 3,544                | -                    |
|                                                                                                                          |        | 5,240                | 1,984                |
| Convertible debentures - long term                                                                                       | 8,9,13 | -                    | 1,874                |
| <b>Total liabilities</b>                                                                                                 |        | <b>5,240</b>         | <b>3,858</b>         |
| <b>Stockholders' equity</b>                                                                                              |        |                      |                      |
| Share capital, no par value, unlimited common shares authorized; 309,667,975 issued and outstanding (2022 - 309,567,975) |        |                      |                      |
|                                                                                                                          | 11     | 105,396              | 105,384              |
| Additional paid-in capital                                                                                               | 12     | 24,168               | 23,043               |
| Deficit                                                                                                                  |        | (126,663)            | (121,834)            |
| Non-controlling interest                                                                                                 | 7      | 3,117                | 388                  |
| <b>Total stockholders' equity</b>                                                                                        |        | <b>6,018</b>         | <b>6,981</b>         |
| <b>Total liabilities and stockholders' equity</b>                                                                        |        | <b>\$ 11,258</b>     | <b>\$ 10,839</b>     |

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

**COMMITMENTS (Note 15)**

**CONTINGENCIES (Note 16)**

**SUBSEQUENT EVENTS (Note 19)**

Approved on behalf of the Board of Directors on March 22, 2024:

/s/ "Travis Naugle"  
Chief Executive Officer

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

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

**Lion Copper and Gold Corp.**

## Consolidated Statements of Operations

For the years ended December 31, 2023 and 2022

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

|                                                                 | Note  | For the years ended December 31, |             |
|-----------------------------------------------------------------|-------|----------------------------------|-------------|
|                                                                 |       | 2023                             | 2022        |
| <b>Operating expenses</b>                                       |       |                                  |             |
| Exploration expenditures                                        | 4     | \$ 6,350                         | \$ 4,302    |
| Rio Tinto Deposit                                               | 6     | (6,516)                          | (3,237)     |
| General office                                                  |       | 194                              | 140         |
| Interest                                                        |       | 432                              | 144         |
| Insurance                                                       |       | 74                               | 61          |
| Investor relations and corporate development                    |       | 21                               | 52          |
| Professional fees                                               |       | 1,525                            | 715         |
| Rent                                                            |       | 15                               | 14          |
| Salaries and benefits                                           | 13    | 1,368                            | 733         |
| Share-based payments                                            | 12,13 | 1,133                            | 1,173       |
| Transfer agent and regulatory                                   |       | 85                               | 104         |
| Travel                                                          |       | 62                               | 54          |
| <b>Operating loss</b>                                           |       | (4,743)                          | (4,255)     |
| <b>Non-operating Income/(expenses)</b>                          |       |                                  |             |
| Fair value gain on derivative liabilities                       | 8     | 356                              | 429         |
| Foreign exchange gain                                           |       | (2)                              | 13          |
| Gain on settlement of debt                                      | 11    | -                                | 20          |
| Accretion expense                                               | 9     | (460)                            | (108)       |
| Gain on sale of Butte Valley                                    | 4,13  | -                                | 2,207       |
| Gain on transfer of investment shares                           | 5     | 22                               | 19          |
| NSR buy-down                                                    | 4,13  | -                                | 500         |
| Loss on revaluation of SAFE notes                               | 10    | (305)                            | (364)       |
| Share of loss in associate                                      | 5     | (288)                            | (389)       |
| Interest and other income                                       |       | 111                              | -           |
| Impairment of mineral properties                                | 4     | (602)                            | -           |
|                                                                 |       | (1,168)                          | 2,327       |
| <b>Net loss and comprehensive loss for the year</b>             |       | \$ (5,911)                       | \$ (1,928)  |
| <b>Net loss and comprehensive loss attributed to:</b>           |       |                                  |             |
| Stockholders of the Company                                     |       | \$ (4,829)                       | \$ (1,816)  |
| Non-controlling interest                                        | 7     | \$ (1,082)                       | \$ (112)    |
| <b>loss per share, basic and diluted</b>                        |       | \$ (0.02)                        | \$ (0.01)   |
| Weighted average number of shares outstanding - basic & diluted |       | 309,601,948                      | 304,538,938 |

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

**Lion Copper and Gold Corp.**

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

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

|                                                                | Notes | Common shares      | Share capital     | Additional<br>paid-in<br>capital | Deficit             | Non-controlling<br>interest | Total<br>stockholders'<br>equity |
|----------------------------------------------------------------|-------|--------------------|-------------------|----------------------------------|---------------------|-----------------------------|----------------------------------|
| <b>Balance at<br/>December 31,<br/>2021</b>                    |       | 293,806,611        | \$ 104,340        | \$ 22,012                        | \$ (120,018)        | \$ -                        | \$ 6,334                         |
| Shares issued<br>for mineral<br>properties                     | 4,11  | 9,500,000          | 625               | -                                | -                   | -                           | 625                              |
| Shares issued<br>to settle debt                                | 11    | 2,928,031          | 181               | -                                | -                   | -                           | 181                              |
| Shares issued<br>for warrants<br>exercised                     | 11,12 | 2,000,000          | 149               | (49)                             | -                   | -                           | 100                              |
| FCC issuance<br>of preferred<br>shares                         | 4, 7  | -                  | -                 | -                                | -                   | 500                         | 500                              |
| Grant of RSUs                                                  | 11,12 | 1,333,333          | 93                | -                                | -                   | -                           | 93                               |
| Share issuance<br>costs                                        |       | -                  | (4)               | -                                | -                   | -                           | (4)                              |
| Share-based<br>payments                                        | 12    | -                  | -                 | 1,080                            | -                   | -                           | 1,080                            |
| Net loss for the<br>year                                       |       | -                  | -                 | -                                | (1,816)             | (112)                       | (1,928)                          |
| <b>Balance at<br/>December 31,<br/>2022</b>                    |       | <b>309,567,975</b> | <b>\$ 105,384</b> | <b>\$ 23,043</b>                 | <b>\$ (121,834)</b> | <b>\$ 388</b>               | <b>\$ 6,981</b>                  |
| <b>Balance at<br/>December 31,<br/>2022</b>                    |       | 309,567,975        | \$ 105,384        | \$ 23,043                        | \$ (121,834)        | \$ 388                      | \$ 6,981                         |
| Share-based<br>payments                                        | 12    | -                  | -                 | 1,133                            | -                   | -                           | 1,133                            |
| Exercise of<br>options                                         | 12    | 100,000            | 12                | (8)                              | -                   | -                           | 4                                |
| SAFE notes<br>conversion and<br>equity<br>financing for<br>FCC | 7     | -                  | -                 | -                                | -                   | 3,536                       | 3,536                            |
| Issuance of<br>common<br>shares of FCC                         | 7     | -                  | -                 | -                                | -                   | 275                         | 275                              |
| Net loss for the<br>year                                       |       | -                  | -                 | -                                | (4,829)             | (1,082)                     | (5,911)                          |
| <b>Balance at<br/>December 31,<br/>2023</b>                    |       | <b>309,667,975</b> | <b>\$ 105,396</b> | <b>\$ 24,168</b>                 | <b>\$ (126,663)</b> | <b>\$ 3,117</b>             | <b>\$ 6,018</b>                  |

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

**Lion Copper and Gold Corp.**

## Consolidated Statements of Cash Flow

For the years ended December 31, 2023 and 2022

(In thousands of U.S. Dollars)

|                                                     | For the years ended<br>December 31, |                 |
|-----------------------------------------------------|-------------------------------------|-----------------|
|                                                     | 2023                                | 2022            |
| <b>Cash flows used in operating activities</b>      |                                     |                 |
| Loss for the year                                   | \$ (5,911)                          | \$ (1,928)      |
| Non-cash transactions:                              |                                     |                 |
| Interest expense                                    | 432                                 | 144             |
| Accretion expense                                   | 460                                 | 108             |
| Gain on settlement of debt                          | -                                   | (20)            |
| Fair value gain on derivative liabilities           | (356)                               | (428)           |
| Gain on Sale of Butte Valley                        | -                                   | (2,207)         |
| Gain on transfer of investment shares               | (22)                                | (19)            |
| Share of loss of investment in associate            | 288                                 | 389             |
| Wages settled through transfer of investment shares | 32                                  | 32              |
| Share-based payments                                | 1,133                               | 1,173           |
| Loss on revaluation of SAFE notes                   | 305                                 | 364             |
| Impairment of mineral properties                    | 602                                 | -               |
| Changes in operating assets and liabilities:        |                                     |                 |
| Other receivables                                   | (17)                                | (1)             |
| Trade payables and other liabilities                | (306)                               | (143)           |
| Prepaid and deposit                                 | (6)                                 | (13)            |
| Rio Tinto deposit                                   | 977                                 | 763             |
| <b>Net cash used in operating activities</b>        | <b>(2,389)</b>                      | <b>(1,786)</b>  |
| <b>Cash flows used in investing activities</b>      |                                     |                 |
| Capitalized expenditures on mineral properties      | (365)                               | (62)            |
| Net refund from water rights sale                   | -                                   | (1,000)         |
| Sale of Butte Valley                                | -                                   | 500             |
| Reclamation bond                                    | 14                                  | 8               |
| <b>Net cash used in investing activities</b>        | <b>(351)</b>                        | <b>(554)</b>    |
| <b>Cash flows provided by financing activities</b>  |                                     |                 |
| Proceeds from convertible debentures                | 1,306                               | 2,000           |
| Exercise of Warrants                                | -                                   | 100             |
| Proceeds from SAFE notes                            | 100                                 | 767             |
| FCC - Proceeds from private placement               | 2,275                               | -               |
| Share issuance costs                                | -                                   | (4)             |
| Exercise of options                                 | 4                                   | -               |
| <b>Net cash provided by financing activities</b>    | <b>3,685</b>                        | <b>2,863</b>    |
| <b>Increase in cash</b>                             | <b>945</b>                          | <b>523</b>      |
| <b>Cash, beginning of year</b>                      | <b>1,365</b>                        | <b>842</b>      |
| <b>Cash, end of year</b>                            | <b>\$ 2,310</b>                     | <b>\$ 1,365</b> |
| <b>Supplemental cash flow information</b>           |                                     |                 |
| Shares issued for conversion of SAFE notes          | 1,536                               | -               |
| Shares issued for mineral properties                | -                                   | 1,124           |
| Shares issued to settle debt                        | -                                   | 199             |

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

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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 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 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 year ended December 31, 2023, the Company incurred a net loss of \$5,911 (2022 - \$1,928). As at December 31, 2023, the Company had cash of \$2,310 (2022 - \$1,365), working capital deficit of \$2,854 (2022 - \$556) and an accumulated deficit of \$126,663 (2022 - \$121,834).

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 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 Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**2. BASIS OF PRESENTATION****Statement of compliance**

The 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 consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions were eliminated upon consolidation.

These 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 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.

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

| Subsidiaries                                                                    | Percentage ownership          |                               | Country of incorporation |
|---------------------------------------------------------------------------------|-------------------------------|-------------------------------|--------------------------|
|                                                                                 | December 31, 2023             | December 31, 2022             |                          |
| Quaterra Alaska Inc.<br>("Quaterra Alaska")                                     | 100.0%                        | 100.0%                        | USA                      |
| Singatse Peak Services, LLC<br>("SPS")                                          | 100.0%                        | 100.0%                        | USA                      |
| Six Mile Mining Company<br>("Six mile")                                         | N/A                           | N/A                           | USA                      |
| Falcon Copper Corp ("FCC")<br>(Formerly Blue Copper<br>Resources Corp ("BCRC")) | 47.7%                         | 79.3%                         | USA                      |
| Blue Copper LLC                                                                 | 47.7% indirect<br>through FCC | 79.3% indirect<br>through FCC | USA                      |
| Blue Copper Royalties LLC<br>("BCR LLC")                                        | 48.8%                         | N/A                           | USA                      |
| Falcon Services, LLC                                                            | 47.7% indirect<br>through FCC | N/A                           | USA                      |

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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**2. BASIS OF PRESENTATION (continued)**

**Statement of compliance (continued)**

On March 30, 2022, Six Mile was dissolved, and its assets were transferred to Quaterra Alaska.

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. There was no activity in Falcon Services, LLC during the year ended December 31, 2023.

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 Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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**Accounting estimates and judgments**

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the application of policies, reported amounts and disclosures. By their nature, these estimates and judgments are subject to uncertainty and the effect on these consolidated financial statements of changes in such estimates in future years could be significant. Actual results could differ from those estimates.

Key sources of estimation uncertainty that has a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements exist as follows:

- **Share-based payments:** The Company has a stock option plan pursuant to which the fair value of options issued is estimated by using the Black Scholes option pricing model on the date of the grant based on certain assumptions. Those assumptions are described in Note 12 and include expected volatility, expected life of the options and number of options expected to vest.
- **Investment in Associate:** The Company received common shares of Falcon Butte Minerals Corp. during the year ended December 31, 2022 (Note 5). Due to Falcon Butte Minerals Corp. being a privately owned company, management estimated the value of the shares using the subscription price of units issued pursuant to a private placement completed on the same day as the transaction.
- **Fair value of Simple Agreement for Future Equity ("SAFE") notes:** During the year ended December 31, 2022, the Company entered into various SAFE agreements which are accounted for under ASC 480 which require revaluation to fair value. The determination of fair value was determined using valuation caps implicit to each SAFE agreement which required significant assumptions to be made by management.
- **Valuation of warrants:** During the year ended December 31, 2023 and 2022, the Company granted freestanding warrants pursuant to the closing of convertible debenture financings. The Black Scholes option pricing model was used to determine fair value for the warrants and required significant assumptions to be made by management.
- **Valuation of derivative liabilities:** During the year ended December 31, 2023 and 2022, the Company completed multiple tranches of convertible debenture financings. The convertible debentures include certain conversion features which were valued using the option pricing model and required significant assumptions to be made by management to value.

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to:

- **Mineral properties:** Judgment is required in assessing whether certain factors would be considered an indicator of impairment. Both internal and external information is considered to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.



**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Accounting estimates and judgments (continued)**

- **Going concern:** In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions;
- **Influence over investment in associate:** Classification of investments require judgment on whether the Company controls, has joint control or significant influence over the strategic, financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in stockholder agreements;
- **Valuation of the Arnold, Snowbird, and Montana property:** During the year ended December 31, 2022, the Company entered into a property lease agreement with a related party. Management used judgment in determining the fair value of the leased property; and
- **Control over FCC:** During the year ended December 31, 2023, the Company's ownership in FCC decreased below 50%. Management has concluded that the Company still retains control over FCC as the Company has majority representation on the board of directors, and management of FCC and the Company is shared and will therefore consolidate FCC.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

**a) Investment in associate**

Investment in associate is comprised of the Company's investment in Falcon Butte Minerals Corp. ("Falcon Butte"). An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies. The Company's investment in Falcon Butte is accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

After application of the equity method, the Company determines whether a loss in the fair value of an investment below its carrying value is a temporary decline. If it is other than temporary, the investor calculates an impairment as the excess of the investment's carrying amount over the fair value. Reversals of impairments on equity method investments are prohibited.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****b) Translation of foreign currencies**

The functional currency for the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment. The Company's presentation currency is the U.S. dollar (" \$" or "USD"). The functional currency of the Company and its significant subsidiaries is the USD. In preparing the financial statements, transactions in currencies other than an entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the year-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of loss.

**c) Mineral properties**

Direct costs related to the acquisition of mineral properties held or controlled by the Company are capitalized on an individual property basis until the property transitions to the development stage, is sold, abandoned, or determined to be impaired. Exploration and administration costs are expensed as incurred. The Company classifies its mineral properties as exploration and evaluation assets until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. At this point, the mineral properties' carrying value is tested for impairment and subsequently transferred to property and equipment. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as the extent of established mineral reserves, the results of feasibility and technical evaluations, and the status of mineral leases or permits. Proceeds from the sale of properties are accounted for as reductions to the capitalized acquisition costs.

Cash proceeds received from farm-out option agreements are recorded as a liability once received and reduced as the obligation to incur expenditures related to the agreement are met. Funds received for expenditures incurred are recorded as an income in the consolidated statements of operations or as a reduction to the capitalized acquisition costs, depending on the nature of the expenditure incurred.

**d) Impairment**

The Company assesses the carrying costs of the capitalized mineral properties for impairment indicators under ASC 360-10, "Impairment of long-lived assets". If impairment indicators are identified, the Company evaluates its carrying value under ASC 930-360, "Extractive Activities - Mining". An impairment is recognized if the sum of the expected undiscounted future cash flows is less than the carrying amount of the mineral properties. Impairment losses, if any, are measured as the excess of the carrying amount of the mineral properties over its estimated fair value.

Based on the Company's evaluation, no impairment indicators were identified on the mineral properties for the years ended December 31, 2023 and 2022.

**e) Share-based payments**

The fair value of stock options granted to directors, officers, employees and consultants is calculated using the Black Scholes option pricing model and is expensed over the vesting periods. If and when stock options are exercised, the value attributable to the stock options is transferred to share capital.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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## f) Cash

Cash consists of cash on hand and bank deposits. As at December 31, 2023, the Company held \$2 CAD (2022 - \$15 CAD) in bank accounts denominated in CAD.

## g) Financial instruments

Financial instruments are recognized in the balance sheet when the Company becomes a party to a contractual obligation. At initial recognition, the Company classifies and measures its financial instruments as one of the following:

- held to maturity (amortized cost);
- available for sale (fair value through other comprehensive income);
- Fair value through other comprehensive income (FVOCI);
- otherwise, they are classified as trading (fair value through Profit and loss).

Financial assets are classified and measured at fair value with subsequent changes in fair value recognized in either profit and loss as they arise unless restrictive criteria are met for classifying and measuring the asset at either amortized cost or FVOCI. Financial liabilities are measured at amortized costs unless they are elected to be or required to be measured at fair value through profit and loss.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled, or expire.

The Company's cash, accounts payable, accrued liabilities and Rio Tinto deposit approximate fair value due to their short-term nature.

The convertible note is classified as a liability at amortized cost, with the conversion feature and related warrants classified as liabilities to be measured at fair value at each reporting period. The debt liability was initially recorded at the residual value after deducting the fair value of the conversion feature and warrants and is subsequently measured at amortized cost using the effective interest rate method and will be accreted to the face value over the term of the convertible debenture.

The SAFE notes are classified as liabilities pursuant to ASC 480 and were measured at fair value at each reporting period, with changes in fair value recorded within the Consolidated Statements of Operations.

## h) Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. The Company had no material provisions as of December 31, 2023 and 2022.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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## i) SAFE Notes

The Company issued SAFE notes to investors during the year ended December 31, 2022 and determined that the SAFE notes are not a legal form of debt (i.e., no creditors' rights). The Company allowed for redemption based upon certain events that are outside of the control of the Company. Therefore, the SAFE Instruments were classified as liabilities pursuant to ASC 480 and were measured at fair value at each reporting period, with changes in fair value recorded within the Consolidated Statements of Operations. The safe notes were converted during the year ended December 31, 2023 due to a triggering event caused by a private placement from FCC and the SAFE notes were converted into common shares of FCC (Note 10).

## j) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated, presuming the exercise of in-the-money outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

## k) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in net loss, except to the extent it is related to items recognized directly in equity or other comprehensive loss. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted by the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that their recovery is more likely than not.

## l) Non-controlling interest

On December 13, 2022, Quaterra Alaska was issued 57,513,764 common shares of FCC which represented 79.3% of all issued and outstanding shares at December 31, 2022. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. During the year ended December 31, 2023, FCC completed multiple financings throughout the year and at December 31, 2023, the Company held 47.7% (Note 19) of shares in FCC. In the absence of majority holdings, the Company will continue to consolidate FCC as it still has the control through its majority representation on the board of directors and its shared management with FCC (Note 7).

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

m) Asset retirement obligations

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future mine reclamation and closure costs. The provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability.

To the extent a legal obligation exists, an asset retirement obligation is recorded at its estimated fair value and accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value. Because asset retirement obligations represent financial obligations to be settled in the future, uncertainties exist in estimating timing and amount of the associated costs to be incurred. As at December 31, 2023 and 2022, the Company does not believe it has any significant asset retirement obligations.

# Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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") | Quaterra Alaska ("QTA") | Falcon Copper Corp (formerly Blue Copper Resources Corp) ("FCC") |             |             |           |            |              |
|------------------------------------------|--------------------------------|--------------|--------------|--------------|-----------------|-------------------------|------------------------------------------------------------------|-------------|-------------|-----------|------------|--------------|
| (In thousands of U.S dollars)            | MacArthur                      | Yerington    | Bear         | Wassuk       | Copper Canyon   | Chaco Bear & Ashton     | Butte Valley                                                     | Blue Copper | Blue Copper | Muncy     | Ground hog | Total        |
|                                          | \$                             | \$           | \$           | \$           | \$              | \$                      | \$                                                               | \$          | \$          | \$        | \$         | \$           |
| <b>Balance December 31, 2021</b>         | <b>2,489</b>                   | <b>1,195</b> | <b>1,532</b> | <b>1,405</b> | -               | -                       | <b>200</b>                                                       | -           | -           | -         | -          | <b>6,821</b> |
| Acquisition costs                        | -                              | -            | 193          | -            | -               | 602                     | -                                                                | 118         | 500         | -         | -          | 1,413        |
| Assignment of Butte Valley               | -                              | -            | -            | -            | -               | -                       | (200)                                                            | -           | -           | -         | -          | (200)        |
| Transfer to FCC                          | -                              | -            | -            | -            | -               | -                       | -                                                                | (118)       | 118         | -         | -          | -            |
| Paid by Rio Tinto                        | -                              | -            | (150)        | -            | -               | -                       | -                                                                | -           | -           | -         | -          | (150)        |
| Total additions (disposals) for the year | -                              | -            | 43           | -            | -               | 602                     | (200)                                                            | -           | 618         | -         | -          | 1,063        |
| <b>Balance December 31, 2022</b>         | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | -               | <b>602</b>              | -                                                                | -           | <b>618</b>  | -         | -          | <b>7,884</b> |
| 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)        |
| <b>Balance December 31, 2023</b>         | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | <b>10</b>       | -                       | -                                                                | -           | <b>878</b>  | <b>95</b> | -          | <b>7,647</b> |

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.

During the year ended December 31, 2023 and year ended December 31, 2022, the Company:

- Sold and assigned the Butte Valley option agreements to Falcon Butte Minerals Corp.(Note 4(h));
- On December 13, 2022, the Company transferred its 100% interest in the Blue Copper Project in Montana and its 90% interest in the Groundhog property in Alaska to FCC., an entity in which the Company holds 47.7% at December 31, 2023 (December 31, 2022 - 79.3%) ownership of, which also holds a leased interest in the Arnold, Snowbird & Montana property (Notes 4(m) (i)), (Note 19).

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**4. MINERAL PROPERTIES (continued)**

- 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.
- 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))

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

*Exploration expenditures incurred for the year ended December 31, 2023*

|                                        | Singatse Peak Services |           |         |        |           |               | Falcon Copper Corp |            |             |       |        |         |         |  |
|----------------------------------------|------------------------|-----------|---------|--------|-----------|---------------|--------------------|------------|-------------|-------|--------|---------|---------|--|
| (In thousands of U.S dollars)          | MacArthur              | Yerington | Bear    | Wassuk | Prospects | Copper Canyon | Muncy              | Ground hog | Blue Copper | Recon | Nevada | Arizona | Total   |  |
|                                        | \$                     | \$        | \$      | \$     | \$        | \$            | \$                 | \$         | \$          | \$    | \$     | \$      | \$      |  |
| Property maintenance                   | 165                    | 101       | -       | 57     | 1         | -             | -                  | -          | 235         | -     | -      | -       | 559     |  |
| Assay & Labs                           | 101                    | 21        | 53      | -      | 61        | -             | -                  | -          | 1           | -     | -      | -       | 237     |  |
| Drilling                               | 192                    | 60        | 1,400   | -      | 304       | -             | -                  | -          | -           | -     | -      | -       | 1,956   |  |
| Environmental                          | 5                      | 578       | -       | -      | -         | -             | -                  | -          | -           | -     | -      | -       | 583     |  |
| Geological & mapping                   | -                      | -         | -       | -      | -         | -             | -                  | -          | 41          | 24    | -      | -       | 65      |  |
| Geophysical surveys                    | 29                     | 20        | 74      | -      | -         | -             | 117                | -          | 149         | 10    | 64     | 117     | 580     |  |
| Technical study                        | -                      | 1,440     | -       | -      | -         | 1             | -                  | -          | 2           | -     | -      | -       | 1,443   |  |
| Field support                          | 1                      | 1         | 75      | -      | -         | -             | -                  | 72         | 601         | 11    | 151    | 15      | 927     |  |
| Total expenses incurred                | 493                    | 2,221     | 1,602   | 57     | 366       | 1             | 117                | 72         | 1,029       | 45    | 215    | 132     | 6,350   |  |
| Total Expenditures funded by Rio Tinto | (493)                  | (2,221)   | (1,602) | (57)   | (366)     | -             | -                  | -          | -           | -     | -      | -       | (4,739) |  |
| Total Expenditures funded by Lion CG   | -                      | -         | -       | -      | -         | 1             | 117                | 72         | 1,029       | 45    | 215    | 132     | 1,611   |  |

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**4. MINERAL PROPERTIES (continued)**
*Exploration expenditures incurred for the year ended December 31, 2022*

|                                                   | Singatse Peak Services |                |          |             | Lion CG                   |           | Quaterra Alaska |                | Falcon Copper Corp |             |                |
|---------------------------------------------------|------------------------|----------------|----------|-------------|---------------------------|-----------|-----------------|----------------|--------------------|-------------|----------------|
|                                                   |                        |                |          |             | Chaco<br>Bear &<br>Ashton |           | Butte<br>Valley | Blue<br>Copper |                    | Blue Copper | Total          |
| (In thousands of U.S dollars)                     | MacArthur              | Yerington      | Bear     | Wassuk      |                           | Groundhog |                 |                | Groundhog          |             |                |
|                                                   | \$                     | \$             | \$       | \$          | \$                        | \$        | \$              | \$             | \$                 | \$          | \$             |
| Property maintenance                              | 167                    | 64             | -        | 55          | -                         | -         | 2               | 161            | 107                | 41          | 597            |
| Assay & Labs                                      | 86                     | 33             | -        | -           | -                         | -         | -               | -              | -                  | -           | 119            |
| Drilling                                          | 478                    | 437            | -        | -           | -                         | -         | -               | -              | -                  | -           | 915            |
| Environmental                                     | 292                    | 489            | -        | -           | -                         | -         | -               | 11             | -                  | -           | 792            |
| Geological & mapping                              | 1                      | -              | -        | -           | 18                        | -         | -               | 25             | -                  | -           | 44             |
| Geophysical surveys                               | 61                     | 1              | 5        | -           | -                         | -         | 11              | 59             | -                  | 35          | 172            |
| Technical study                                   | 341                    | 411            | -        | -           | -                         | -         | -               | -              | -                  | -           | 752            |
| Field support                                     | 635                    | 16             | -        | -           | -                         | 44        | 10              | 56             | -                  | 150         | 911            |
| <b>Total expenses incurred</b>                    | <b>2,061</b>           | <b>1,451</b>   | <b>5</b> | <b>55</b>   | <b>18</b>                 | <b>44</b> | <b>23</b>       | <b>312</b>     | <b>107</b>         | <b>226</b>  | <b>4,302</b>   |
| <b>Total Expenditures funded<br/>by Rio Tinto</b> | <b>(1,637)</b>         | <b>(1,394)</b> | <b>-</b> | <b>(55)</b> | <b>-</b>                  | <b>-</b>  | <b>-</b>        | <b>-</b>       | <b>-</b>           | <b>-</b>    | <b>(3,086)</b> |
| <b>Total Expenditures funded<br/>by Lion CG</b>   | <b>424</b>             | <b>57</b>      | <b>5</b> | <b>-</b>    | <b>18</b>                 | <b>44</b> | <b>23</b>       | <b>312</b>     | <b>107</b>         | <b>226</b>  | <b>1,216</b>   |



**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

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

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**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. 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.**

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**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 (\$5,453 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
- \$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.

**Lion Copper and Gold Corp.**

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**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.

**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 December 31, 2023, Lion CG impaired the full balance of property and recognized \$602 in impairment expense.

**f) Recon**

During the year ended December 31, 2023, the Company, through Singatse Peak Services, incurred \$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 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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(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 work programs. 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.

**Lion Copper and Gold Corp.**

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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 Work Program 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).

As at December 31, 2023, the Company was almost complete the stage 2a program of work (completed January 12, 2024). On January 4, 2024, \$11,500 was received from Rio Tinto relating to Stage2b and Stage 3 programs of work (Note 19).

## 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).

**Lion Copper and Gold Corp.**

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

**4. MINERAL PROPERTIES (continued)****FALCON COPPER CORP**

## i) Blue Copper Prospect, Montana

During the year ended December 31, 2021, Blue Copper LLC acquired and staked a district scale exploration opportunity (the "Blue Copper Prospect") 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);
- 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.

**Lion Copper and Gold Corp.**

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

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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 year ended December 31, 2023, FCC incurred \$392 in evaluation expenditures on reconnaissance on its Nevada, and Arizona properties in order to determine whether they warranted further pursuit.

**Lion Copper and Gold Corp.**

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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 December 31, 2023 and December 31, 2022, the Company's share ownership was reduced to 20.48% and 19.44% respectively. 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%. The Company's share of net income (loss) for the period from acquisition on April 5, 2022 to December 31, 2022 and for the year ended December 31, 2023 was \$(389) and \$(288), respectively. The portion of net income attributable to the Company was determined using the weighted average percentage of voting rights held by the Company throughout the period.

On December 8, 2022, 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 \$13 and a gain of \$19 was recorded on the transaction.

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 consolidated financial statements are set out below:

**Summarized balance sheet:**

(Expressed in thousands of U.S. Dollars)

|                                        | December 31, 2023 | December 31, 2022 |
|----------------------------------------|-------------------|-------------------|
| <b>Assets</b>                          |                   |                   |
| Cash                                   | \$ 1,375          | \$ 1,748          |
| Receivables                            | 10                | 1                 |
| Prepays & deposits                     | 54                | 120               |
| Exploration and evaluation assets      | 2,904             | 3,202             |
| <b>Total Assets</b>                    | <b>\$ 4,343</b>   | <b>\$ 5,071</b>   |
| <b>Liabilities</b>                     |                   |                   |
| Accounts payable & accrued liabilities | \$ 70             | \$ 111            |
| Freeport deposit                       | 397               | 109               |
| Derivative liabilities                 | 490               | 564               |
| <b>Total Liabilities</b>               | <b>\$ 957</b>     | <b>\$ 784</b>     |



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**5. INVESTMENT IN ASSOCIATE (continued)****Summarized statement of loss**

(Expressed in thousands of U.S. Dollars)

|                                                | Year ended<br>December 31, 2023 | Period from April 5 to<br>December 31, 2022 |
|------------------------------------------------|---------------------------------|---------------------------------------------|
| <b>Operating expenses</b>                      |                                 |                                             |
| General and administrative expenses            | \$ 7,623                        | \$ 3,313                                    |
| Total operating expenses                       | 7,623                           | 3,313                                       |
| Gain on settlement of debt                     | -                               | (100)                                       |
| Fair value (gain) loss on derivative liability | (122)                           | 4                                           |
| Other income                                   | (6,366)                         | (1,093)                                     |
| Impairment                                     | 56                              | -                                           |
| Foreign exchange loss (gain)                   | 220                             | (396)                                       |
| <b>Net loss (income)</b>                       | <b>\$ 1,411</b>                 | <b>\$ 1,728</b>                             |

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

|                                  |                 |
|----------------------------------|-----------------|
| <b>Balance December 31, 2021</b> | <b>\$ -</b>     |
| Initial investment               | 1,906           |
| Transfer of shares to the CEO    | (13)            |
| Company's share of net loss      | (389)           |
| <b>Balance December 31, 2022</b> | <b>\$ 1,504</b> |
| Transfer of shares to the CEO    | (10)            |
| Company's share of net loss      | (288)           |
| <b>Balance December 31, 2023</b> | <b>\$ 1,206</b> |

**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 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 as work progresses on Stage 2 program of work (Notes 4(g)).

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**6. RIO TINTO DEPOSIT** (continued)

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

|                                                         |           |              |
|---------------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2021</b>                        | <b>\$</b> | <b>-</b>     |
| Proceeds received                                       |           | 4,000        |
| Funds applied to capitalized acquisition costs (Note 4) |           | (150)        |
| Funds applied to exploration expenditures (Note 4)      |           | (3,086)      |
| Funds applied to general operating expenditures         |           | (151)        |
| <b>Balance December 31, 2022</b>                        | <b>\$</b> | <b>613</b>   |
| Proceeds received                                       |           | 7,500        |
| Funds applied to reclamation deposit                    |           | (9)          |
| Funds applied to capitalized acquisition costs (Note 4) |           | (231)        |
| Funds applied to exploration expenditures (Note 4)      |           | (4,739)      |
| Funds applied to general operating expenditures         |           | (1,777)      |
| <b>Balance December 31, 2023</b>                        | <b>\$</b> | <b>1,357</b> |

**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 and December 31, 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.

**Lion Copper and Gold Corp.**

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

**7. NON-CONTROLLING INTEREST (continued)**

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 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.

At December 31, 2023, the Company held 47.7% of shares in FCC (Note 19). 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 December 31, 2023, 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 years ended December 31, 2023 year ended December 31, 2022:

|                                                                    |           |              |
|--------------------------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2021</b>                                   | <b>\$</b> | <b>-</b>     |
| Preferred stock issued for the Arnold, Snowbird & Montana property |           | 500          |
| Net loss and comprehensive loss attributable to NCI                |           | (112)        |
| <b>Balance December 31, 2022</b>                                   | <b>\$</b> | <b>388</b>   |
| 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)      |
| <b>Balance December 31, 2023</b>                                   | <b>\$</b> | <b>3,117</b> |

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**8. DERIVATIVE LIABILITIES***Warrants & Conversion Feature Derivative Liability*

As at December 31, 2021, the Company had certain outstanding share purchase warrants that are exercisable in a currency different from the Company's functional currency. These warrants were classified as derivative liabilities and carried at fair value and revalued at each reporting date. These warrants expired during the year ended December 31, 2022 and thus, the derivative liability attached to these warrants have been reduced to \$nil.

During the years ended December 31, 2023 and 2022, 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:

|                                                                     |           |            |
|---------------------------------------------------------------------|-----------|------------|
| <b>Balance December 31, 2021</b>                                    | <b>\$</b> | <b>55</b>  |
| Expiry of warrants                                                  |           | (55)       |
| Issuance of Warrants (Note 9)                                       |           | 247        |
| Issuance of convertible debentures with conversion feature (Note 9) |           | 131        |
| Fair value change on derivative liabilities                         |           | (374)      |
| <b>Balance December 31, 2022</b>                                    |           | <b>4</b>   |
| Issuance of Warrants (Note 9)                                       |           | 280        |
| Issuance of convertible debentures with conversion feature (Note 9) |           | 248        |
| Fair value change on derivative liabilities                         |           | (356)      |
| <b>Balance December 31, 2023</b>                                    | <b>\$</b> | <b>176</b> |

**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). 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 (Note 19).

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.

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**9. CONVERTIBLE DEBENTURES (continued)**

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.

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). 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 (Note 19)

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). 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.

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**9. CONVERTIBLE DEBENTURES (continued)**

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<br>in 2022 | Fair value at<br>December 31, 2022 | Initial recognition<br>in 2023 | Fair value at<br>December 31,<br>2023 |
|-------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|
| Risk-free interest rate | 3.20% - 3.84%                  | 4.07%                              | 4.27%                          | 3.91%                                 |
| Expected volatility     | 10%                            | 10%                                | 10%                            | 10%                                   |
| Dividend yield          | 0%                             | 0%                                 | 0%                             | 0%                                    |
| Expected life           | 1.36 - 1.67 years              | 1.13 - 1.19 years                  | 1.67 years                     | 0.13 - 0.84 years                     |

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

|                                        |           |              |
|----------------------------------------|-----------|--------------|
| <b>Balance as at January 1, 2022</b>   | <b>\$</b> | <b>-</b>     |
| Issued                                 |           | 2,000        |
| Fair value of conversion Note          |           | (131)        |
| Fair value of Warrants                 |           | (247)        |
| Accretion                              |           | 108          |
| Interest                               |           | 144          |
| <b>Balance as at December 31, 2022</b> | <b>\$</b> | <b>1,874</b> |
| Issued                                 |           | 1,306        |
| Fair value of conversion feature       |           | (280)        |
| Fair value of warrants                 |           | (248)        |
| Accretion                              |           | 460          |
| Interest                               |           | 432          |
| <b>Balance as at December 31, 2023</b> | <b>\$</b> | <b>3,544</b> |
| Current                                |           | 3,544        |
| 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:

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**10. SIMPLE AGREEMENT FOR FUTURE EQUITY** (continued)

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 consolidated statements of operations and comprehensive loss.

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

|                                                 |           |              |
|-------------------------------------------------|-----------|--------------|
| <b>Balance as at January 1, 2022</b>            | <b>\$</b> | <b>-</b>     |
| Issued                                          |           | 767          |
| Loss on change in fair value of SAFE notes      |           | 364          |
| <b>Balance as at December 31, 2022</b>          |           | <b>1,131</b> |
| Issued                                          |           | 100          |
| Loss on change in fair value of SAFE notes      |           | 305          |
| Conversion upon Equity Financing Event (Note 7) |           | (1,536)      |
| <b>Balance as at December 31, 2023</b>          | <b>\$</b> | <b>-</b>     |

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**11. SHARE CAPITAL**

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

*Share transactions for the year ended December 31, 2023*

- a) On August 30, 2023, the Company issued 100,000 common shares in connection with stock options exercised for proceeds of \$4.

*Share transactions for the year ended December 31, 2022*

- b) On February 17, 2022, as part of the Blue Copper Prospect transaction, the Company issued 1,500,000 common shares with a fair value of \$119 as part of the closing of the transaction.
- c) On March 17, 2022, the Company issued 8,000,000 common shares with a fair value of \$506 as part of the option agreement with Houston Minerals Ltd. to acquire a 100% interest in the Chaco, and the Ashton Properties.
- d) On April 25, 2022, the Company issued 800,000 common shares with a fair value of \$56 to settle debt in the amount of \$62(CAD\$80) and recognized a gain on the settlement of \$6.
- e) On June 29, 2022, the Company issued 2,000,000 common shares in connection with warrants exercised for proceeds of \$100 (Note 12).
- f) On July 5, 2022, the Company issued 1,212,121 common shares with a fair value of \$75 to settle outstanding debt of \$77 and recognized a gain on the settlement of \$2.
- g) On July 28, 2022, the Company issued 1,333,333 common shares, with a fair value of \$93 in relation to the release of 1,333,333 restricted share units.
- h) On August 23, 2022, the Company issued 915,910 common shares with a fair value of \$49 to settle outstanding debt of \$61 and recognized a gain on the settlement of \$12.



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**11. SHARE CAPITAL (continued)**

## Weighted Average Breakdown

## (i) Basic &amp; 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 year ended |                   |
|-----------------------------------------------------|--------------------|-------------------|
|                                                     | December 31, 2023  | December 31, 2022 |
| Net loss for the year                               | \$ (4,829)         | \$ (1,816)        |
| Weighted average number of shares - basis & diluted | 309,601,948        | 304,538,938       |
| Basic & Diluted loss per share                      | \$ (0.02)          | \$ (0.01)         |

**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 year ended December 31, 2023, is summarized below:

- i. On March 2, 2023, the Company granted 350,000 stock options to consultants with an exercise price of C\$0.095 (US\$0.07) and an expiry date of March 2, 2028, which vested immediately upon grant.
- ii. On July 21, 2023, the Company granted 23,194,737 stock options to directors, officers, and employees with an exercise price of C\$0.08 (US\$0.06) and an expiry date of July 21, 2028, which vested immediately upon grant.
- iii. On August 30, 2023, 100,000 options with an exercise price of C\$0.06 were exercised.
- iv. On September 20, 2023, there was 1,370,000 options with an exercise price of C\$0.06 which expired relating to the September 20, 2018 option issuance.
- v. On October 16, 2023, there was 2,450,000 options with an exercise ranging from C\$0.08 - C\$0.12 which were cancelled.

The continuity of the number of stock options issued and outstanding as of December 31, 2023, and December 31, 2022 is as follows:

|                                 | As at December 31, 2023 |                                       | As at December 31, 2022 |                                       |
|---------------------------------|-------------------------|---------------------------------------|-------------------------|---------------------------------------|
|                                 | Number of options       | Weighted average exercise price (CAD) | Number of options       | Weighted average exercise price (CAD) |
| Outstanding, beginning of year  | 29,614,283              | 0.11                                  | 19,915,000              | 0.12                                  |
| Granted                         | 23,544,737              | 0.08                                  | 11,394,283              | 0.08                                  |
| Expired                         | (1,370,000)             | 0.06                                  | (1,695,000)             | 0.06                                  |
| Cancelled                       | (2,450,000)             | 0.10                                  | -                       | -                                     |
| Exercised                       | (100,000)               | 0.06                                  | -                       | -                                     |
| <b>Outstanding, end of year</b> | <b>49,239,020</b>       | <b>0.10</b>                           | <b>29,614,283</b>       | <b>0.11</b>                           |

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**12. ADDITIONAL PAID-IN CAPITAL (continued)**

## a) Stock options (continued)

As of December 31, 2023, and December 31, 2022, the number of stock options outstanding and exercisable were:

| <b>Expiry date</b>                    | <b>Exercise price<br/>(CAD)</b> | <b>Number of<br/>options<br/>outstanding</b> | <b>Remaining<br/>contractual life<br/>in years</b> | <b>Number of<br/>options<br/>exercisable</b> |
|---------------------------------------|---------------------------------|----------------------------------------------|----------------------------------------------------|----------------------------------------------|
| 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                                   |
| <b>Outstanding, December 31, 2023</b> |                                 | <b>49,239,020</b>                            |                                                    | <b>49,239,020</b>                            |

| <b>Expiry date</b>                    | <b>Exercise price<br/>(CAD)</b> | <b>Number of<br/>options<br/>outstanding</b> | <b>Remaining<br/>contractual life<br/>in years</b> | <b>Number of<br/>options<br/>exercisable</b> |
|---------------------------------------|---------------------------------|----------------------------------------------|----------------------------------------------------|----------------------------------------------|
| September 20, 2023                    | 0.06                            | 1,470,000                                    | 0.72                                               | 1,470,000                                    |
| June 21, 2024                         | 0.07                            | 1,900,000                                    | 1.47                                               | 1,900,000                                    |
| August 8, 2024                        | 0.06                            | 500,000                                      | 1.61                                               | 500,000                                      |
| June 20, 2025                         | 0.08                            | 2,450,000                                    | 2.47                                               | 2,450,000                                    |
| August 18, 2025                       | 0.072                           | 2,394,283                                    | 2.63                                               | 2,394,283                                    |
| June 18, 2026                         | 0.25                            | 3,950,000                                    | 3.47                                               | 3,950,000                                    |
| September 17, 2026                    | 0.11                            | 4,500,000                                    | 3.72                                               | 4,500,000                                    |
| October 21, 2026                      | 0.09                            | 2,700,000                                    | 3.81                                               | 2,700,000                                    |
| December 12, 2026                     | 0.12                            | 750,000                                      | 3.95                                               | 750,000                                      |
| May 25, 2027                          | 0.085                           | 9,000,000                                    | 4.40                                               | 9,000,000                                    |
| <b>Outstanding, December 31, 2022</b> |                                 | <b>29,614,283</b>                            |                                                    | <b>29,614,283</b>                            |

During the year ended December 31, 2023, an amount of \$1,295 (2022 - \$918) 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 years ended December 31, 2023 and 2022:

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**12. ADDITIONAL PAID-IN CAPITAL** (continued)

## a) Stock options (continued)

|                         | Year ended December 31, 2023 | Year ended December 31, 2022 |
|-------------------------|------------------------------|------------------------------|
| Risk-free interest rate | 3.66 - 3.81%                 | 2.58 - 3.28%                 |
| Expected life (years)   | 5                            | 3 - 5                        |
| Annualized volatility   | 145%                         | 147 - 150%                   |
| Forfeiture rate         | 0%                           | 0%                           |
| Dividend yield          | 0%                           | 0%                           |

## b) Share purchase warrants

Warrant activity during the year ended December 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 to the grant of \$1,306 in convertible debenture (Note 9).

Warrant activity during the year ended December 31, 2022, is summarized below:

- i. On June 17, 2022, the Company granted 16,044,774 warrants with an exercise price of \$0.067 (\$0.085 CAD) and an expiry date of February 17, 2024 pursuant to the grant of \$1,075 in convertible debt (Note 9).
- ii. On June 29, 2022, the Company issued 2,000,000 common shares in connection with the exercise of warrants with an exercise price of \$0.05 for proceeds of \$100 (Note 13).
- iii. On July 8, 2022, the Company granted 11,940,293 warrants with an exercise price of \$0.067 (\$0.085 CAD) and an expiry date of March 8, 2024 pursuant to the grant of \$800 in convertible debt (Note 9).
- iv. On October 28, 2022, the Company granted 1,865,671 warrants with an exercise price of \$0.067 (\$0.085 CAD) and an expiry date of March 8, 2024 pursuant to the grant of \$125 in convertible debt (Note 9).

The continuity of the number of share purchase warrants outstanding as of December 31, 2023, and December 31, 2022, is as follows:

|                                       | December 31, 2023  |                                 | December 31, 2022  |                                 |
|---------------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                                       | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| <b>Outstanding, beginning of year</b> | <b>101,165,012</b> | <b>\$ 0.09</b>                  | <b>83,083,504</b>  | <b>\$ 0.09</b>                  |
| Issued                                | 18,461,015         | 0.07                            | 29,850,738         | 0.067                           |
| Exercised                             | -                  | -                               | (2,000,000)        | 0.05                            |
| Expired                               | -                  | -                               | (9,769,230)        | 0.05                            |
| <b>Outstanding, end of year</b>       | <b>119,626,027</b> | <b>0.09</b>                     | <b>101,165,012</b> | <b>\$ 0.09</b>                  |

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**12. ADDITIONAL PAID-IN CAPITAL** (continued)

## b) Share purchase warrants (continued)

The following table summarizes warrants outstanding as of December 31, 2023, and December 31, 2022:

| <b>Expiry date</b>                        | <b>Currency</b> | <b>Exercise price</b> | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------------------------|-----------------|-----------------------|------------------------------|------------------------------|
| 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                   | 16,044,774                   |
| March 8, 2024                             | USD             | 0.067                 | 13,805,964                   | 13,805,964                   |
| November 2, 2024                          | USD             | 0.070                 | 18,461,015                   | -                            |
| <b>Outstanding at the end of the year</b> |                 |                       | <b>119,626,027</b>           | <b>101,165,012</b>           |

## 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.

Restricted share units ("RSU") activity during the year ended December 31, 2023, is summarized below:

- i. 5,333,334 RSU's were cancelled effective June 1, 2023.

During the year ended December 31, 2023, an amount of \$162 was reversed out of share-based compensation expense for unvested RSU's due to the cancellation of the RSU's on June 1, 2023. 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 December 31, 2023, and December 31, 2022, is as follows:

|                                         | <b>Number of<br/>RSUs</b> |
|-----------------------------------------|---------------------------|
| Outstanding at December 31, 2021        | -                         |
| Granted                                 | 8,000,000                 |
| Released                                | (1,333,333)               |
| Cancelled                               | (1,333,333)               |
| <b>Outstanding at December 31, 2022</b> | <b>5,333,334</b>          |
| Cancelled                               | (5,333,334)               |
| <b>Outstanding at December 31, 2023</b> | <b>-</b>                  |

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**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:

|                                   | Year ended December 31, |                 |
|-----------------------------------|-------------------------|-----------------|
|                                   | 2023                    | 2022            |
| Salaries                          | \$ 450                  | \$ 504          |
| Directors' fees                   | 21                      | 13              |
| Share-based payments              | 796                     | 904             |
| Interest on convertible debenture | 237                     | 53              |
|                                   | <b>\$ 1,504</b>         | <b>\$ 1,474</b> |

Other transactions for the year ended December 31, 2023

- a) During the year ended December 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.
- b) As at December 31, 2023, the Company had \$290 (2022 - \$53) in interest accrued relating to outstanding convertible debentures with directors and officers of the Company.
- c) As at December 31, 2023, there was \$11 (2022 - \$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 year ended December 31, 2022

- d) On January 26, 2022, the Company entered into a property acquisition agreement to assign its options to acquire the Butte Valley property to Falcon Butte, which is a private British Columbia company established to acquire mineral resource properties. Directors and officers of Falcon Butte are also directors and officers of Lion CG and as such the transaction is a non-arm's length transaction under TSXV rules.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley property. Pursuant to the assignment agreement, Lion CG received 16,049,444 common shares of Falcon Butte (Note 5). In addition, the Company received a payment of \$500 from Falcon Butte, as reimbursement of exploration expenditures and related costs incurred by the Company on the Butte Valley Property. The Company recorded a gain of \$2,207 on the sale of the Butte Valley property (Note 4(h)).

On April 13, 2022, the Company amended the agreement. Pursuant to the addendum Falcon Butte will pay a total of \$500 in exchange for a 0.5% buy-down and retirement of certain NSRs. As of December 31, 2022, the Company has received \$500 (Note 4(h)).

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**13. RELATED PARTY TRANSACTIONS (continued)**

- e) As per their agreements with the Company, the CEO and President/CFO are entitled to receive an annual grant of options under the Stock Option Plan of the Company on each Annual Review Date. The number of options will be determined by the Board based on a minimum of 50% and maximum of 150% of the annual base compensation. The exercise price per common share of the Company will be equal to the Market Price (as defined in the TSXV policies) of the Company's common shares as at the Annual Review Date, subject to a minimum exercise price per share of CAD\$0.05. The applicable percentage on the annual base salary will be determined by the Board based on an assessment of the performance of the CEO and President/CFO in achieving the Annual Objectives for the relevant Annual Review Period. On May 25, 2022, the CEO and President/CFO were issued a combined 3,300,000 bonus options with an exercise price of \$0.085 and an expiry date of May 25, 2027 (Note 12(a)). The CFO was granted 1,470,000 stock options and the CEO was granted 1,830,000 stock options.
- f) On June 29, 2022, a director of the Company exercised 2,000,000 warrants with an exercise price of \$0.05 per share for gross proceeds of \$100 (Note 11,12 (b)).
- g) As per their agreements with the Company, the CEO and President/ CFO were each granted 4 million RSUs on October 21, 2021, which were granted subject to vesting in three equal installments over three years. The grant of RSUs is subject to stockholder approval and further subject to Exchange approval of the RSU Plan and the aforementioned grant thereunder. Pursuant to Exchange policies, RSUs granted prior to stockholder approval of the RSU Plan must be specifically approved by a vote of stockholders excluding the votes of the holders of the Restricted Share Units. The Company's stockholders approved the grant of 4 million RSUs to both the CEO and President/ CFO at the AGM on May 18, 2022 and the Exchange approved the RSU Plan on June 3, 2022, resulting in 8,000,000 RSUs granted on June 3, 2022 (Note 12 (c)).
- h) On June 2, 2022, 1,333,333 RSUs issued to the President/CFO were cancelled ((Note 12 (c)). All Share-based payments recognized pursuant to these RSUs were reversed upon cancellation.
- i) On June 3, 2022, 1,333,333 RSUs issued to the CEO were released. The RSUs were converted into shares on July 28, 2022.
- j) On November 1, 2022, the Company amended an employment agreement with the CEO of the Company. The CEO will continue to receive remuneration of \$250, however, 52% of the salary will be paid in shares of Falcon Butte. The deemed price will be equal to the greater of \$0.28 per share and the latest cash financing price raised by Falcon Butte. On November 1, 2022, \$32.5 of the annual salary was converted to Falcon Butte shares and on February 1, 2023, \$32.5 were converted to Falcon Butte shares. The payment terms are applicable for six months beginning November 1, 2022, and these payment terms can be extended on a quarterly basis.

As a result, for the year ended December 31, 2022, the CEO of the Company was paid as follows:

- \$228 in cash
- \$22 in Falcon Butte shares.

As at December 31, 2022, there was \$11 in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to year end.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**13. RELATED PARTY TRANSACTIONS (continued)**

- k) During the year ended December 31, 2022, 3,500,000 options were granted to directors of the Company with an exercise price of \$0.067 and expire on May 25, 2027. In addition, 957,713 options were issued to a director of the Company with an exercise price of \$0.055 and expires on August 18, 2025.
- l) During the year ended December 31, 2022, a director of the Company subscribed for \$250 of unsecured convertible debentures in the first tranche (Note 9). 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. As of December 31, 2022, the Company accrued \$19 in interest related to the convertible debentures.
- m) During the year ended December 31, 2022, certain directors and officers of the Company subscribed for \$500 of unsecured convertible debentures in the second tranche (Note 9). 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. As of December 31, 2022, the Company accrued \$34 in interest related to the convertible debentures.
- n) Falcon Copper Corp. has a mineral property lease agreement with a company owned by the CEO of the Company, to lease a mineral property. The value of the leased property was determined to be \$500 (Note 4(i)).

**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 and for the period ended December 31, 2023, and the year ended December 31, 2022 is as follows:

|                    | December 31, 2023 |          |          | December 31, 2022 |          |          |
|--------------------|-------------------|----------|----------|-------------------|----------|----------|
|                    | Canada            | USA      | Total    | Canada            | USA      | Total    |
| Mineral properties | \$ -              | \$ 7,647 | \$ 7,647 | \$ 602            | \$ 7,282 | \$ 7,884 |

**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.

**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).

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**17. DEFERRED INCOME TAX**

A Reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

|                                                | 2023       | 2022     |
|------------------------------------------------|------------|----------|
| Tax loss for the year                          | (5,911)    | (1,928)  |
| Canadian statutory rate                        | 27%        | 27%      |
| Income tax benefit computed at statutory rates | \$ (1,596) | \$ (520) |
| Adjustment for foreign tax rates               | 152        | 313      |
| Provision to return adjustments and other      | (1,134)    | (235)    |
| Share issuance costs                           | -          | -        |
| Foreign exchange gains and losses              | (202)      | 580      |
| Permanent difference                           | 503        | 324      |
| Change in valuation allowance                  | 2,277      | (462)    |
| Income tax expense (recovery)                  | \$ -       | \$ -     |

The tax effect of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities as at December 31, 2023 and 2022 respectively are presented below.:

|                                                      | 2023     | 2022     |
|------------------------------------------------------|----------|----------|
| Deferred tax assets:                                 |          |          |
| Non-capital loss and net operating loss carryforward | \$ 9,652 | \$ 8,934 |
| Mineral properties                                   | 9,043    | 7,536    |
| Capital losses                                       | 2,232    | 2,117    |
| Financing and other                                  | 87       | 56       |
| SAFE notes                                           | -        | 76       |
| Total gross deferred tax assets                      | 21,014   | 18,719   |
| Less: valuation allowance                            | (20,923) | (18,646) |
| Net deferred tax assets                              | 91       | 73       |
| Deferred tax liabilities:                            |          |          |
| Convertible debentures                               | (91)     | (73)     |
| Total deferred tax liabilities                       | (91)     | (73)     |
| Deferred tax assets and liabilities                  | -        | -        |

The Company's unused tax losses expire as follows:

|             | Canada    | US        |
|-------------|-----------|-----------|
| 2026        | \$ 528    | \$ -      |
| 2027 - 2043 | 23,504    | -         |
| 2034 - 2037 | -         | 12,956    |
| Indefinite  | -         | 2,289     |
|             | \$ 24,032 | \$ 15,245 |

The Company's unused capital losses of \$16,534 are available to carry forward indefinitely.



**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**18. 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, Rio Tinto deposit, SAFE notes, convertible debentures, derivative liability conversion feature and derivative liability warrants.

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, and Rio Tinto deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures 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.

The SAFE notes are classified as liabilities pursuant to ASC 480 and were measured at fair value at each reporting period, with changes in fair value recorded within the Consolidated Statements of Operations and are categorized as Level 3 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.

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.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**18. FINANCIAL INSTRUMENT RISKS (continued)**

## 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.

**19. SUBSEQUENT EVENTS**

On January 4, 2024, the Company received \$11,500 in relation to the amendment to its earn-in agreement with Rio Tinto. \$10,000 pertains to the stage 2b program of work and the additional \$1,500 pertains to an advance on Stage 3 funding for exploration on certain portions of the Bear deposit (Note 4(g)).

On January 12, 2024, BCR LLC amended the common stock purchase warrant dated September 6, 2023. The purpose of the amendment is to extend the expiration date of 23,809,524 warrants issued from March 2, 2024, to September 2, 2025.

On January 16, 2024, the Company filed its Opening Brief with the Lyon County Circuit Court requesting the Court reverse the State Engineer's 2021 and 2023 forfeiture decisions. The Company is awaiting a response from the Court. The Opening Brief was filed with the court as a continuation of its efforts to appeal the State's wrongful decision to forfeit three primary ground water rights permits. The legal approach is currently following two paths: First, the Company appealed the State Engineer's forfeiture decision asking the court to overturn the decision as unlawful. Second, the Company also filed a complaint requesting equitable relief from the court requesting the judge reinstate the water rights. At the Company's request, the Court stayed the decisions of the State Engineer related to the Company's water rights. In parallel with the legal appeal process, the Company also continues to evaluate opportunities for non-judicial settlement discussions with the State. SPS will continue 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.

On January 23, 2024, FCC amended the common stock purchase warrant dated September 6, 2023. The purpose of the amendment is to extend the expiration date of 23,809,524 warrants issued from March 2, 2024, to September 2, 2025.

On February 5, 2024, FCC issued 2,586,207 common shares at a price of \$0.116/share for a total proceeds of \$300. Following the recently concluded financing, the ownership stake of LCG in QTA now stands at 46.65%.

**Lion Copper and Gold Corp.**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

**19. SUBSEQUENT EVENTS (continued)**

On February 15, 2024, the Company announced the restructuring of its existing debentures, comprising \$2,000 principal for the debentures issued in 2022 and \$1,306 principal for the debentures issued in 2023. Under the restructuring plan, the Company offered up to \$3,950 in new senior unsecured debentures, featuring a 20% annual interest rate and maturing in 12 months from the restructuring date. The restructuring offers holders of the new debentures the flexibility to convert accrued interest into common shares of the Company at a conversion price determined by the Market Price as defined in TSX Venture Exchange policies on the conversion date. Alternatively, they can opt for conversion at a fixed price of \$0.06 (C\$0.08) per share. Additionally, holders have the option to convert into common shares of Falcon Butte, at a set price of \$0.25 (C\$0.32) per share. Additionally, warrants are issued alongside the new debentures, allowing holders to purchase common shares at \$0.06 per share for a 12-month period. For debenture holders choosing not to participate in the restructuring offer, conversion of principal and interest into units of the Company is available at \$0.045 per Unit, each comprising a common share and a warrant exercisable at \$0.06 per share for a period of 5 years.

On February 20, 2024, the Company issued new convertible debentures totaling \$941 to replace the convertible debenture issued in 2022 and 2023. The new debentures mature in 12 months and carry a 20% annual interest rate. The new debentures are convertible into common shares of the Company at \$0.06 (C\$0.08) per share or can be converted in-kind for common shares of Falcon Butte at a conversion price of \$0.25 (C\$0.32) per Falcon Butte share. Holders also received 15,696,883 share purchase warrants, exercisable at \$0.06 (C\$0.08) per share within 12 months. Additionally, \$259 of the original debentures were converted into 3,500,000 common shares.

On February 27, 2024, FCC issued 862,069 common shares at a price of \$0.116/share for total proceeds of \$100. Following the recently concluded financing, the ownership stake of LCG in FCC now stands at 46.33%.

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 five years from the date of grant.

On March 8, 2024, the Company completed a debt settlement pursuant to which it has issued 4,107,998 units at \$0.042 (C\$0.05625) per unit and 41,707,215 common shares at \$0.042 (C\$0.05625) to settle \$1,924 of debt. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant is exercisable into one additional common share at a price of \$0.056 (C\$0.075) per share for a period of 5 years from the date of issuance.

On March 8, 2024, the Company closed a private placement consisting of an aggregate of 23,809,522 units 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. Each warrant is exercisable into one additional common share at a price of \$0.056 (C\$0.075) per share for a period of 5 years from the date of issuance.

**Lion Copper and Gold Corp.****Management's Discussion and Analysis****For the year ended December 31, 2023**

Dated: March 22, 2024

(In U.S. dollars)

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## General

This Management's Discussion and Analysis ("MD&A") of Lion Copper and Gold Corp. and its wholly owned subsidiaries (collectively, "Lion CG" or the "Company"), dated March 22, 2024, should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022, and related notes thereto which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All dollar amounts in this MD&A are United States dollars unless otherwise noted.

Additional information about the Company, including the Company's press releases, quarterly and annual reports, and Form 10-K, is available through the Company's filings with the securities regulatory authorities in Canada at [www.sedarplus.com](http://www.sedarplus.com) or the United States Securities Exchange Commission at [www.sec.gov/edgar](http://www.sec.gov/edgar). Information about mineral resources, as well as risks associated with investing in the Company's securities is contained in the Company's most recently filed 10-K.

Under U.S. federal securities laws, issuers must assess their foreign private issuer status as of the last business day of their second fiscal quarter. It was announced that more than 50% of the Company's common shares are held by U.S. shareholders, and the Company no longer meets the definition of a foreign private issuer under the United States securities laws. As a result, commencing in 2023, the Company is required to use forms and rules prescribed for U.S. domestic companies, including the requirement that financial statements be presented in accordance with U.S. GAAP instead of International Financial Reporting Standards ("IFRS"). The Company's common shares will continue to be listed on the TSX Venture Exchange and quoted on the OTCQB.

Charles Travis Naugle, CEO of the Company, is a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), and has approved the scientific and technical information in this MD&A.

## Company Profile

Lion Copper and Gold Corp. is a Canadian-based Company advancing its 100% owned flagship copper projects at Yerington, Nevada subject to an Option to Earn-in Agreement with Rio Tinto.

The Company also looks for opportunities to acquire projects on reasonable terms that have the potential to host large mineral deposits attractive to major mining companies. 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 traded on the OTCQB Market under the symbol "LCGMF".

The Company prepares its consolidated financial statements 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 this report. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the year ended December 31, 2023 and 2022, the Company incurred a net loss of \$5,911,000 (2022 - \$1,928,000). As at December 31, 2023, the Company had cash of \$2,310,000 (2022 - \$1,365,000), working capital deficit of \$2,854,000 (2022 - \$556,000) and an accumulated deficit of \$126,663,000 (2022 - \$121,834,000).

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 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.

## Mineral Properties

The following table summarizes the balance of exploration and evaluation assets as at December 31, 2023 and December 31, 2022 and the changes in exploration and evaluation assets for the years then ended.

|                                             | Singatse Peak Services ("SPS") |              |              |              |                  | Lion CG<br>("LCG")        | Quaterra Alaska<br>("QTA") | Falcon Copper Corp (formerly<br>Blue Copper Resources Corp)<br>("FCC") |                |           |               |              |
|---------------------------------------------|--------------------------------|--------------|--------------|--------------|------------------|---------------------------|----------------------------|------------------------------------------------------------------------|----------------|-----------|---------------|--------------|
| (In thousands of U.S. dollars)              | MacArthur                      | Yerington    | Bear         | Wassuk       | Copper<br>Canyon | Chaco<br>Bear &<br>Ashton | Butte<br>Valley            | Blue<br>Copper                                                         | Blue<br>Copper | Muncy     | Ground<br>hog | Total        |
|                                             | \$                             | \$           | \$           | \$           | \$               | \$                        | \$                         | \$                                                                     | \$             | \$        | \$            | \$           |
| <b>Balance December 31, 2021</b>            | <b>2,489</b>                   | <b>1,195</b> | <b>1,532</b> | <b>1,405</b> | -                | -                         | <b>200</b>                 | -                                                                      | -              | -         | -             | <b>6,821</b> |
| Acquisition costs                           | -                              | -            | 193          | -            | -                | 602                       | -                          | 118                                                                    | 500            | -         | -             | 1,413        |
| Assignment of Butte Valley                  | -                              | -            | -            | -            | -                | -                         | (200)                      | -                                                                      | -              | -         | -             | (200)        |
| Transfer to FCC                             | -                              | -            | -            | -            | -                | -                         | -                          | (118)                                                                  | 118            | -         | -             | -            |
| Paid by Rio Tinto                           | -                              | -            | (150)        | -            | -                | -                         | -                          | -                                                                      | -              | -         | -             | (150)        |
| Total additions (disposals)<br>for the year | -                              | -            | 43           | -            | -                | 602                       | (200)                      | -                                                                      | 618            | -         | -             | 1,063        |
| <b>Balance December 31, 2022</b>            | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | -                | <b>602</b>                | -                          | -                                                                      | <b>618</b>     | -         | -             | <b>7,884</b> |
| Acquisition costs                           | -                              | -            | 231          | -            | 10               | -                         | -                          | -                                                                      | 260            | 95        | -             | 596          |
| Impairment                                  | -                              | -            | -            | -            | -                | (602)                     | -                          | -                                                                      | -              | -         | -             | (602)        |
| Paid by Rio Tinto                           | -                              | -            | (231)        | -            | -                | -                         | -                          | -                                                                      | -              | -         | -             | (231)        |
| Total additions (disposals)<br>for the year | -                              | -            | -            | -            | 10               | (602)                     | -                          | -                                                                      | 260            | 95        | -             | (237)        |
| <b>Balance December 31, 2023</b>            | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | <b>10</b>        | -                         | -                          | -                                                                      | <b>878</b>     | <b>95</b> | -             | <b>7,647</b> |

On June 1, 2023, Lion CG and Houston Minerals Ltd. terminated the option agreement surrounding the Chaco Bear and Ashton properties. As at December 31, 2023, Lion CG impaired the full balance of property and recognized \$602,000 in impairment expense.

Total exploration expenditures recorded on the consolidated statement of operations are listed in the tables below:

*Exploration expenditures incurred for the year ended December 31, 2023*

|                                               | Singatse Peak Services |                |                |             |              |               | Falcon Copper Corp |           |              |           |            |            |                |
|-----------------------------------------------|------------------------|----------------|----------------|-------------|--------------|---------------|--------------------|-----------|--------------|-----------|------------|------------|----------------|
| (In thousands of U.S. dollars)                | MacArthur              | Yerington      | Bear           | Wassuk      | Prospects    | Copper Canyon | Muncy              | Groundhog | Blue Copper  | Recon     | Nevada     | Arizona    | Total          |
|                                               | \$                     | \$             | \$             | \$          | \$           | \$            | \$                 | \$        | \$           | \$        | \$         | \$         | \$             |
| Property maintenance                          | 165                    | 101            | -              | 57          | 1            | -             | -                  | -         | 235          | -         | -          | -          | 559            |
| Assay & Labs                                  | 101                    | 21             | 53             | -           | 61           | -             | -                  | -         | 1            | -         | -          | -          | 237            |
| Drilling                                      | 192                    | 60             | 1,400          | -           | 304          | -             | -                  | -         | -            | -         | -          | -          | 1,956          |
| Environmental                                 | 5                      | 578            | -              | -           | -            | -             | -                  | -         | -            | -         | -          | -          | 583            |
| Geological & mapping                          | -                      | -              | -              | -           | -            | -             | -                  | -         | 41           | 24        | -          | -          | 65             |
| Geophysical surveys                           | 29                     | 20             | 74             | -           | -            | -             | 117                | -         | 149          | 10        | 64         | 117        | 580            |
| Technical study                               | -                      | 1,440          | -              | -           | -            | 1             | -                  | -         | 2            | -         | -          | -          | 1,443          |
| Field support                                 | 1                      | 1              | 75             | -           | -            | -             | -                  | 72        | 601          | 11        | 151        | 15         | 927            |
| <b>Total expenses incurred</b>                | <b>493</b>             | <b>2,221</b>   | <b>1,602</b>   | <b>57</b>   | <b>366</b>   | <b>1</b>      | <b>117</b>         | <b>72</b> | <b>1,029</b> | <b>45</b> | <b>215</b> | <b>132</b> | <b>6,350</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(493)</b>           | <b>(2,221)</b> | <b>(1,602)</b> | <b>(57)</b> | <b>(366)</b> | <b>-</b>      | <b>-</b>           | <b>-</b>  | <b>-</b>     | <b>-</b>  | <b>-</b>   | <b>-</b>   | <b>(4,739)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>-</b>               | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b>     | <b>1</b>      | <b>117</b>         | <b>72</b> | <b>1,029</b> | <b>45</b> | <b>215</b> | <b>132</b> | <b>1,611</b>   |

Exploration expenditures incurred for the year ended December 31, 2022

|                                               | Singatse Peak Services |                |          |             |                     | Lion CG   |              | Quaterra Alaska | Falcon Copper Corp |             |                |
|-----------------------------------------------|------------------------|----------------|----------|-------------|---------------------|-----------|--------------|-----------------|--------------------|-------------|----------------|
| (In thousands of U.S. dollars)                | MacArthur              | Yerington      | Bear     | Wassuk      | Chaco Bear & Ashton | Groundhog | Butte Valley | Blue Copper     | Groundhog          | Blue Copper | Total          |
|                                               | \$                     | \$             | \$       | \$          | \$                  | \$        | \$           | \$              | \$                 | \$          | \$             |
| Property maintenance                          | 167                    | 64             | -        | 55          | -                   | -         | 2            | 161             | 107                | 41          | 597            |
| Assay & Labs                                  | 86                     | 33             | -        | -           | -                   | -         | -            | -               | -                  | -           | 119            |
| Drilling                                      | 478                    | 437            | -        | -           | -                   | -         | -            | -               | -                  | -           | 915            |
| Environmental                                 | 292                    | 489            | -        | -           | -                   | -         | -            | 11              | -                  | -           | 792            |
| Geological & mapping                          | 1                      | -              | -        | -           | 18                  | -         | -            | 25              | -                  | -           | 44             |
| Geophysical surveys                           | 61                     | 1              | 5        | -           | -                   | -         | 11           | 59              | -                  | 35          | 172            |
| Technical study                               | 341                    | 411            | -        | -           | -                   | -         | -            | -               | -                  | -           | 752            |
| Field support                                 | 635                    | 16             | -        | -           | -                   | 44        | 10           | 56              | -                  | 150         | 911            |
| <b>Total expenses incurred</b>                | <b>2,061</b>           | <b>1,451</b>   | <b>5</b> | <b>55</b>   | <b>18</b>           | <b>44</b> | <b>23</b>    | <b>312</b>      | <b>107</b>         | <b>226</b>  | <b>4,302</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(1,637)</b>         | <b>(1,394)</b> | <b>-</b> | <b>(55)</b> | <b>-</b>            | <b>-</b>  | <b>-</b>     | <b>-</b>        | <b>-</b>           | <b>-</b>    | <b>(3,086)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>424</b>             | <b>57</b>      | <b>5</b> | <b>-</b>    | <b>18</b>           | <b>44</b> | <b>23</b>    | <b>312</b>      | <b>107</b>         | <b>226</b>  | <b>1,216</b>   |

## 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 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 for the Yerington Copper Project. The Nuton technologies are proprietary Rio Tinto-developed copper heap leach related processing and modelling technologies, capability and intellectual property.

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

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

### Stage 1

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

### Stage 2

Within forty-five (45) days of the completion of Stage 1, Rio Tinto was to provide notice to the Company whether Rio Tinto elected to proceed with Stage 2 (notice was provided), upon which Rio Tinto was to pay up to \$5,000,000 for agreed-upon Mason Valley study and evaluation works to be completed by the Company 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).

### Stage 3 - Feasibility Study

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

### Investment Decision

Upon completion of the Feasibility Study, Rio Tinto and the Company 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 the Company shall grant to Rio Tinto a 1.5% NSR on the Mining Assets.
- If Rio Tinto elects to create the investment vehicle but the Company 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 the Company's interest in the investment vehicle for fair market value.

### Project Financing

- Following the formation of the investment vehicle, any project financing costs incurred will be funded by Rio Tinto and the Company in proportion to their respective ownership interest in the investment vehicle.
- Rio Tinto may elect to fund up to \$60,000,000 of the Company'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 the Company, Rio Tinto may fund an additional \$40,000,000 of the Company's project financing costs in exchange for an additional 5% increase in Rio Tinto's ownership percentage.
- If the Company's ownership percentage in the investment vehicle is diluted to 10% or less, then the Company's ownership interest will be converted into a 1% uncapped NSR.

On May 15, 2022, Rio Tinto approved the Stage 1 Work Program and provided \$4,000,000 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 \$4,000,000 will be spent per agreement with Rio Tinto in 2023 for Stage 2.



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.

As at December 31, 2023, the Company was almost complete the stage 2a program of work (completed January 12, 2024). On January 4, 2024, \$11,500,000 was received from Rio Tinto relating to Stage2b and Stage 3 programs of work.

The funds incurred in connection with this work program were offset against additions to mineral properties and general expenditures as follows:

|                                                            |              |
|------------------------------------------------------------|--------------|
| (In thousands of U.S dollars)                              |              |
| <b>Balance December 31, 2021</b>                           | <b>—</b>     |
| Proceeds received                                          | 4,000        |
| Funds applied to capitalized mineral property expenditures | (150)        |
| Funds applied to exploration expenditures:                 |              |
| Property maintenance                                       | (287)        |
| Assay & labs                                               | (66)         |
| Drilling                                                   | (915)        |
| Environmental                                              | (692)        |
| Geological & mapping                                       | (1)          |
| Technical study                                            | (495)        |
| Field support & other                                      | (630)        |
| Funds applied to general operating expenditures            | (151)        |
| <b>Balance December 31, 2022</b>                           | <b>613</b>   |
| Proceeds received                                          | 7,500        |
| Funds applied to capitalized mineral property expenditures | (231)        |
| Funds applied to reclamation deposits                      | (9)          |
| Funds applied to exploration expenditures:                 |              |
| Property maintenance                                       | (323)        |
| Assay & labs                                               | (236)        |
| Drilling                                                   | (1,957)      |
| Environmental                                              | (583)        |
| Geophysical surveys                                        | (123)        |
| Technical study                                            | (1,440)      |
| Field support & other                                      | (77)         |
| Funds applied to general operating expenditures            | (1,777)      |
| <b>Balance December 31, 2023</b>                           | <b>1,357</b> |

## **Yerington Copper Project, Nevada**

The Yerington Copper Project ("Project") is located near the geographic center of Lyon County, Nevada, U.S.A., along the eastern flank of the Singatse Range. The Project is approximately 70 miles by road from Reno Nevada, 50 miles south of Tahoe-Reno Industrial Center, and 10 miles from the nearest rail spur of Wabuska.

The Project includes both the historical Yerington Property and the historic MacArthur Deposit located approximately 4.5 miles to the northwest. The Project is bordered on the east by the town of Yerington, Nevada which provides access via a network of paved and gravel roads that were used during previous mining operations. The Project consists of 5 fee simple parcels and 82 patented mining claims totaling 2,768 acres, and 1,113 unpatented lode and placer claims totaling 22,996 acres. The unpatented claims are located on lands administered by the U.S. Department of Interior, Bureau of Land Management (BLM).

Please refer to the Company's Preliminary Economic Assessment technical report, details of which were released on January 30, 2024, and further described under Subsequent Events.

### **Yerington Property, Nevada**

The Yerington pit area has a rich history of exploration, with extensive drilling conducted by Anaconda, ultimately leading to the extraction of over 1.7 billion pounds of copper.

The Company has primarily focused its exploration efforts at the Yerington Property on drilling activities conducted along the accessible pit ramps and access roads surrounding the Yerington pit.

The Yerington Property produced approximately 162 million tons of ore grading 0.54% Cu, of which oxide copper ores amenable to leaching accounted for approximately 104 million tons. A 1971 snapshot of head grades shows oxide mill head grade averaging 0.53% Cu and sulfide grades ranging from 0.45% to 0.75% Cu.

The general geometry of copper mineralization below the Yerington pit is an elongate body extending 6,600 feet along a strike of S62°E. The modeled mineralization has an average width of 2,000 feet and has been defined by drilling to an average depth of 400-500 feet below the pit bottom at the 3,500-foot elevation.

Oxide copper occurred throughout the extent of the Yerington pit, attracting the early prospectors who sank the Nevada-Empire shaft on copper showings located over the present-day south-central portion of the pit. To extract the copper oxides, Anaconda produced sulfuric acid on site, utilizing native sulfur mined and trucked from Anaconda's Leviathan Mine located approximately 70 miles west of Yerington.

### **MacArthur Deposit, Nevada**

The MacArthur Deposit is a large copper mineralized system containing near-surface acid soluble copper and the potential for a significant primary sulfide resource that remains underexplored (IMC, 2022). The MacArthur Deposit is one of several copper deposits and prospects located near the town of Yerington that collectively comprise the Yerington Mining District. The MacArthur Deposit is underlain by Middle Jurassic granodiorite and quartz monzonite intruded by west-northwesterly-trending, moderate to steeply north-dipping quartz porphyry dike swarms.

The MacArthur Deposit consists of a 50 to 150-ft thick, tabular zone of secondary copper (in the form of oxides and/or chalcocite) covering an area of approximately two square miles. This mineralized zone has yet-to-be fully delineated. Limited drilling has also intersected underlying primary copper mineralization open to the north, but only partially tested to the west and east.

Oxide copper mineralization is most abundant and particularly well exposed in the walls of the legacy MacArthur pit. The most common copper mineral is chrysocolla; also present is black copper wad (neotocite) and trace cuprite and tenorite. The flat-lying zones of oxide copper mirror topography, exhibit strong fracture control and range in thickness from 50 to 100 feet. Secondary chalcocite mineralization forms a blanket up to 50 feet or more in thickness that is mixed with and underlies the oxide copper. Primary chalcopyrite mineralization has been intersected in several locations mixed with and below the chalcocite. The extent of the primary copper is unknown as many of the holes bottomed at 400 feet or less.

## **Bear Deposit, Nevada**

The Bear Deposit consists of approximately 2,300 acres of private land located to the northeast of the Yerington Property, plus several hundred acres beneath the Yerington 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 \$5,988,290 in cash payments over 15 years (\$5,453,290 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 \$1,250,000 total.

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

- \$131,000 due in 2024
- \$404,000 due in years 2025 to 2028

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

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

## **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 Wassuk purchase option on January 14, 2023.

The property is subject to a 3% NSR royalty upon commencing commercial production, which can be reduced to a 2% NSR in consideration of \$1,500,000.

## **Copper Canyon Property, 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 \$10,000 in necessary claim fees. Further, the Company will be required to pay an Exploration fee to Convergent Mining, LLC calculated as:

- 5% of the first \$2,000,000 of qualifying exploration costs, not exceeding \$100,000

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

## **Reconnaissance**

During the year ended December 31, 2023, the Company, through Singatse Peak Services, incurred \$366,000 in evaluation expenditures, which was covered by Rio Tinto, on other prospects located within the Mining Assets, subject to the Rio Tinto Agreement, in order to determine whether they warranted further pursuit.

## **Chaco Bear and Ashton Properties, British Columbia**

On June 1, 2023, Lion CG and Houston terminated the option agreement which resulted in Lion CG defaulting on the Chaco Bear and Ashton properties. As at December 31, 2023, Lion CG impaired the full balance of properties and recognized \$602,000 in impairment expense.

## **FALCON COPPER CORP.**

### **Blue Copper Project, Montana**

A Butte-style copper-gold system in Powell County and Lewis & Clark County in Montana, located 45 miles north of the world famous Butte, Montana copper mines. District-scale consolidation sitting on top of a prolific placer gold system with extensive copper showings.

### **Schell Creek Project, Nevada**

The Schell Creek Project is composed of the Cabin and Muncy Properties in White Pine County, Nevada, which represent two copper immediately adjacent targets composed of approximately 15,000 acres of mineral claims.

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.

### **Muncy Option to Joint Venture Agreement**

On November 22, 2023, Falcon Copper Corp. 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 \$95,059 to Kennecott on or before the Effective Date of November 22, 2023 (Paid);
- incur exploration expenditures of \$1,500,000 with respect to the Muncy Property and \$1,000,000 with respect to the Cabin Property on or before November 22, 2025.

Upon FCC satisfying the exploration expenditures, Kennecott has the option to opt in for 40% of an asset-level joint venture for the Schell Creek Project; if Kennecott chooses to not opt in, FCC takes 100% ownership of the Muncy Property, along with the Cabin Property, with a Muncy Property royalty granted to Rio Tinto.

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 \$10,000,000 in cash

## **Pioneer, Arizona**

An approximate 1,300 acre covered target area prospective for high grade primary or enriched porphyry copper mineralization located within Arizona's prolific Copper Triangle - within 10 miles of the Resolution & Ray mines.

## **Groundhog, Alaska**

On April 20, 2017, the Company signed an agreement with Chuchuna Minerals Company, an Alaska corporation, giving it an option to purchase a 90% interest in the Groundhog copper prospect, a property located on an established copper porphyry belt, 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.

On December 13, 2022, the Groundhog property was transferred from Quaterra Alaska to Falcon Copper Corp.

To earn the 90% interest, FCC must fund a total of \$5,000,000 (approximately \$3,000,000 funded) of exploration expenditures and make a lump sum payment to Chuchuna of \$3,000,000 by the end of April 20, 2024. FCC 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 \$25,000,000.

## **Reconnaissance**

FCC incurred evaluation expenditures on reconnaissance in Nevada, Montana and Arizona properties in order to determine whether they warranted further pursuit.

## **BLUE COPPER ROYALTIES, LLC**

Blue Copper Royalties, LLC holds the Butte Valley Royalty and the Nieves interest.

The Butte Valley Royalty is represented by a 1.0% NSR, subject to a buy-down to a 0.5% NSR in exchange for an aggregate payment of \$15,000,000.

The Nieves Interest is represented by a 5% net profits interest associated with the Nieves Silver property in Mexico.

## **Performance Highlights**

On January 13, 2023, the Company reached an agreement with Rio Tinto on the scope of the Stage 2 Program of Work. As a result, the Company received \$7,500,000, comprising of \$5,000,000 for Stage 2 work and \$2,500,000 as an immediate advance on part of the Stage 3 financing.

On March 20, 2023, the Company and Rio Tinto agreed on the detailed scope for the Stage 2 and Stage 3 Programs of Work as described as follows.

## **Yerington Copper Project**

No loss-time accidents were incurred by the Company or its contractors during the year ending December 31, 2023.

The following Stage 2a and Stage 3 Programs of Work were performed by the Company.

### Permitting and Stakeholder Engagement

The strategy for permitting and stakeholder engagement was developed. Initial baseline studies to support engineering, while minimizing impacts to resources and one-one-one outreach was completed with a diverse range of stakeholders. The following activities have been completed and/or are underway.

- MacArthur Exploration Plan of Operations Update
- Water Resources studies (surface and groundwater)
- Wildlife Baseline
- Stakeholder Engagement Plan / strategy development
- Permitting Plan / strategy development

### Engineering Studies

The following were completed and provide the project with the basis for the Stage 2b Pre-Feasibility Study.

- Yerington Copper Project Preliminary Economic Assessment (see Subsequent Events)
- Yerington Pit Dewatering Studies
- Pyrite Studies
- Mining Studies
- Sulfuric Acid Studies
- Front End Engineering Design

### Exploration

The exploration program met and exceeded the original objectives set out in the Stage 3 Advance for exploration. Notable outcomes include the following.

- Identification of an ~1,800 ft northwest extension of known mineralization of the Bear Deposit
- Identification of 10 to 20 ft zones of chalcocite enrichment at MacArthur
- Drill testing of the Reno Prospect, where two drill holes remain cased for future core drilling to test for deeper geophysical induced polarization ("IP) highs
- Drill testing of the Singatse Target, which identified strong sodic-calcic alteration
- Completion of a surface geochemical grid over the Reno Prospect area
- Completion of a surface geochemical grid over the MacArthur-Mason Pass area
- Identification of an IP target over the Thanksgiving mine area that correlates with a previously identified magnetic high
- Identification of an IP target on the southwest portion of the Bear Deposit

### Water Rights

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. Just as SPS did with the initial forfeiture decision that was remanded by the Court, SPS will 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.

On January 16, 2024, the Company filed its Opening Brief with the Lyon County Circuit Court requesting the Court reverse the State Engineer's 2021 and 2023 forfeiture decisions. The Company is awaiting a response from the Court. The Opening Brief was filed with the court as a continuation of its efforts to appeal the State's wrongful decision to forfeit three primary ground water rights permits. The legal approach is currently following two paths: First, the Company appealed the State Engineer's forfeiture decision asking the court to overturn the decision as unlawful. Second, the Company also filed a complaint requesting equitable relief from the court requesting the judge reinstate the water rights. At the Company's request, the Court stayed the decisions of the State Engineer related to the Company's water rights. In parallel with the legal appeal process, the Company also continues to evaluate opportunities for non-judicial settlement discussions with the State.

The Company will continue 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.

### **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. At the time of acquisition, the 16,049,444 shares represented 25.54% of shares outstanding, and as at 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 \$1,906,000 (\$2,374,000 CAD) which represents the fair value of the shares received. The value of the shares was determined based on Falcon Butte's financing that closed concurrently with the property acquisition. The Company's share of net loss for the period from acquisition on April 5, 2022 to December 31, 2022 and for the year ended December 31, 2023, was \$389,000 and \$288,000, respectively. The portion of net loss attributable to the Company was determined using the weighted average percentage of voting rights held by the Company throughout the period.

On December 8, 2022, 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 \$13,000 and a gain of \$19,000 was recorded on the transaction.

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 \$11,000 and a gain of \$22,000 was recorded on the transaction.

### **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 Falcon Copper Corp.

As consideration, on the date of transfer of assets to Falcon Copper Corp, Quaterra Alaska was issued 57,513,764 common shares of Falcon Copper Corp which represented 79.3% of all issued and outstanding shares at December 13, 2022 and December 31, 2022.

On March 2, 2023, Falcon Copper Corp completed a financing through a private placement, raising \$2,000,000 by issuing 23,809,524 units at a price of \$0.084 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.15 for 1 year.

In addition, the private placement was considered a "triggering event" for Simple Agreements for Future Equity ("SAFE Notes"). FCC had previously raised \$867,500 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, Falcon Copper Corp., a Wyoming corporation, 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, Blue Copper Royalties, LLC ("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, commonly 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 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.

After the events described above, the Company held 57,513,764 common shares out of 117,952,674 shares issued and outstanding, representing 47.7% ownership on a Non-Diluted Basis. Management has determined that control over FCC and BCR LLC exists as at December 31, 2023.

### **Simple Agreement for Future Equity**

During the year ended December 31, 2022, Falcon Copper Corp. raised \$197,500 with a valuation cap of \$1,450,000 and \$569,000 with a valuation cap of \$4,120,000, respectively, by entering into Simple Agreement for Future Equity Notes with several parties.

During the year ended December 31, 2023, FCC raised an additional \$100,000 with a valuation cap of \$4,120,000 by entering into SAFE notes with several parties. The private placement was considered a triggering event, and the face value of SAFE Notes of \$868,000 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 Company in exchange for the right to stock of the Company, 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 Company 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 Company 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 Company 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 Consolidated Statements of Operations.

On March 2, 2023, as a result of the closing of an equity financing, the SAFE notes were converted into 21,629,382 common shares valued at \$1,536,000.

#### **Proposed Transactions**

The Company has no proposed transactions other than as disclosed in this MD&A.

## Results of Operations

The following table summarizes the Company's financial results for the years ended December 31, 2023, and 2022.

| <b>Years ended December 31,</b><br>(In thousands of U.S. dollars) | <b>2023</b><br>\$ | <b>2022</b><br>\$ | <b>Change</b><br>\$ | <b>Change</b><br>% |
|-------------------------------------------------------------------|-------------------|-------------------|---------------------|--------------------|
| <b>Operating expenses</b>                                         |                   |                   |                     |                    |
| Exploration expenditures                                          | 6,350             | 4,302             | 2,048               | 32%                |
| Rio Tinto Deposit                                                 | (6,516)           | (3,237)           | (3,279)             | 50%                |
| General Office                                                    | 194               | 140               | 54                  | 28%                |
| Interest                                                          | 432               | 144               | 288                 | 67%                |
| Insurance                                                         | 74                | 61                | 13                  | 18%                |
| Investor Relations                                                | 21                | 52                | (31)                | (148%)             |
| Professional fees                                                 | 1,525             | 715               | 810                 | 53%                |
| Rent                                                              | 15                | 14                | 1                   | 7%                 |
| Salaries and benefits                                             | 1,368             | 733               | 635                 | 46%                |
| Share-based payments                                              | 1,133             | 1,173             | (40)                | (4%)               |
| Transfer agent and regulatory                                     | 85                | 104               | (19)                | (22%)              |
| Travel                                                            | 62                | 54                | 8                   | 13%                |
| <b>Operating loss</b>                                             | <b>(4,743)</b>    | <b>(4,255)</b>    | <b>(488)</b>        | <b>10%</b>         |
| Fair value gain on derivative liabilities                         | 356               | 429               | (73)                | (21%)              |
| Foreign exchange gain (loss)                                      | (2)               | 13                | (15)                | 750%               |
| Gain on settlement of debt                                        | -                 | 20                | (20)                | (100%)             |
| Gain on sale of Butte Valley                                      | -                 | 2,207             | (2,207)             | (100%)             |
| Gain on transfer of share                                         | 22                | 19                | 3                   | 14%                |
| Accretion expense                                                 | (460)             | (108)             | (352)               | 77%                |
| NSR buy-down                                                      | -                 | 500               | (500)               | (100%)             |
| Share of loss in associate                                        | (288)             | (389)             | 101                 | (35%)              |
| Interest and other income                                         | 111               | -                 | 111                 | 100%               |
| Impairment of mineral properties                                  | (602)             | -                 | (602)               | 100%               |
| Loss on revaluation of SAFE notes                                 | (305)             | (364)             | 59                  | (19%)              |
| <b>Net and comprehensive loss</b>                                 | <b>(5,911)</b>    | <b>(1,928)</b>    | <b>(3,983)</b>      | <b>67%</b>         |

For the year ended December 31, 2023, the Company incurred a net loss of \$5,911,000 compared to a net loss of \$1,928,000 in the prior year. The increase in net loss of \$3,983,000 is primarily due to a gain of \$2,207,000 resulting from the sale of the Company's Butte Valley property that was recognized during the comparative year. Also, during the year ended December 31, 2023, the Company terminated its option agreement on the Chaco Bear & Ashton property, resulting in an impairment expense of \$602,000, exclusive to this year.

Additionally, professional fees experienced an increase of \$810,000 primarily stemming from escalated legal expenses associated with addressing the water rights matter concerning the MacArthur and Yerington Properties, accounting fees related to financial reporting across all entities, and consulting fees disbursed to several mining consultants.

Furthermore, the Company recorded income of \$500,000 during the year ended December 31, 2022 relating to the buy-down of certain NSR which was exclusive to 2022. The Company also recognized \$460,000 in accretion expense for the year ended December 31, 2023 for the accretion of convertible debt which only began during the latter half of the year ended December 31, 2022.

The increase in net loss is partially offset by the following:

- During the year ended December 31, 2023, the Company recognized \$305,000 in losses relating to the revaluation of SAFE notes that matured during 2023. During the year ended December 31, 2022, the Company recognized a loss of \$364,000.
- During the year ended December 31, 2023, the Company recognized \$288,000 relating to the Company's share of losses in the Company's investment in Falcon Butte whereas during the year ended December 31, 2022, the Company recognized a loss of \$389,000.

### Summary of Quarterly Financial Information

For the three months ended December 31 2023 the Company incurred a net loss of \$1,616,000 compared to a net loss of \$2,318,000 during the three months ended September 30, 2023. The decrease in net loss is primarily because during the three months ended September 30, 2023, the Company granted 23,194,737 stock options which all completely vested during the period, resulting in \$1,269,000 in share-based payments being recognized. There were no stock options granted during the three months ended December 31, 2023, resulting in \$Nil in share-based payments being recognized during the period. This is partially offset by the loss recognized on the change in fair value of the derivative liabilities of \$131,000 for the three months ended December 31, 2023, compared to the gain of \$6,000 recognized for the three months ended September 30, 2023.

The following table sets out the quarterly financial information for each of the last eight quarters:

| <b>(In thousands of U.S. dollars except for per share amount)</b> | <b>Q4'23</b>   | <b>Q3'23</b>   | <b>Q2'23</b> | <b>Q1'23</b>   | <b>Q4'22</b>   | <b>Q3'22</b>   | <b>Q2'22</b> | <b>Q1'22</b>   |
|-------------------------------------------------------------------|----------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|
| General administration                                            | (1,161)        | (2,148)        | (723)        | (877)          | (515)          | (795)          | (1,002)      | (878)          |
| Fair value (loss) gain on derivative liabilities                  | (131)          | 6              | 1,421        | (940)          | 377            | 17             | (2)          | 37             |
| Foreign exchange gain (loss)                                      | (2)            | -              | -            | -              | (11)           | 12             | 3            | 9              |
| Other Income                                                      | 16             | 32             | 51           | 12             | -              | -              | -            | -              |
| Loss on settlement of convertible notes                           | -              | -              | -            | -              | -              | -              | -            | -              |
| Gain on transfer of shares                                        | -              | -              | -            | 22             | 19             | -              | -            | -              |
| Gain on settlement of debt                                        | -              | -              | -            | -              | -              | 14             | 6            | -              |
| Accretion                                                         | (136)          | (129)          | (121)        | (74)           | (57)           | (47)           | (4)          | -              |
| Gain on sale of Butte Valley                                      | -              | -              | -            | -              | -              | -              | 2,207        | -              |
| Loss on revaluation of SAFE notes                                 | -              | -              | -            | (305)          | (364)          | -              | -            | -              |
| NSR buy-down                                                      | -              | -              | -            | -              | -              | 250            | 250          | -              |
| Share of loss of investment in associate                          | (287)          | 3              | 22           | (26)           | (316)          | (42)           | (31)         | -              |
| Exploration Expenditures                                          | (1,597)        | (1,344)        | (2,159)      | (1,250)        | (1,370)        | (1,020)        | (1,339)      | (573)          |
| Rio Tinto Deposit                                                 | 1,682          | 1,262          | 2,250        | 1,322          | 1,104          | 464            | 1,669        | -              |
| Impairment of mineral properties                                  | -              | -              | (602)        | -              | -              | -              | -            | -              |
| Gain (loss) on marketable securities                              | -              | -              | -            | -              | -              | -              | -            | -              |
| <b>Net loss</b>                                                   | <b>(1,616)</b> | <b>(2,318)</b> | <b>139</b>   | <b>(2,116)</b> | <b>(1,133)</b> | <b>(1,147)</b> | <b>1,757</b> | <b>(1,405)</b> |
| <b>Basic income (loss) per share</b>                              | <b>(0.01)</b>  | <b>(0.01)</b>  | <b>0.00</b>  | <b>(0.01)</b>  | <b>(0.00)</b>  | <b>(0.00)</b>  | <b>0.00</b>  | <b>(0.01)</b>  |

### Liquidity and Capital Resources

The Company is an exploration stage company that has not earned any production revenue. Its operations have been dependent mainly on the Rio-Tinto agreement and private placements in the last few years without diluting shareholders' value. The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The following table summarizes the Company's cash flows for the years ended December 31, 2023, and 2022:

| <b>(In thousands of U.S. dollars)</b>             | <b>2023</b>     | <b>2022</b>     |
|---------------------------------------------------|-----------------|-----------------|
| Cash obtained from (used in) operating activities | \$ (2,389)      | \$ (1,786)      |
| Cash provided by (used in) investing activities   | (351)           | (554)           |
| Cash provided by financing activities             | 3,685           | 2,863           |
| Increase (decrease) in cash                       | 945             | 523             |
| Cash, beginning of year                           | 1,365           | 842             |
| <b>Cash, end of year</b>                          | <b>\$ 2,310</b> | <b>\$ 1,365</b> |

As at December 31, 2023, the Company had cash of \$2,310,000 (2022 - \$ 1,365,000) and working capital deficit of \$2,854,000 (2022 - \$556,000). The decrease in working capital of \$2,298,000 is primarily due to the reclassification of \$3,544,000 in convertible debentures from long term to current. This is partially offset by the completion of Blue Copper Resources Corp's equity financing of \$2,000,000 and maturing of SAFE notes.

As of December 31, 2023, the Company had convertible debentures with a face value of \$3,306,000 and a carrying value of \$3,544,000.

The first two tranches of the debentures bear interest at a rate of 14% per annum and mature on February 17, 2024, and March 8, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023 and 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 at the rate of \$0.25 per Falcon Butte share.

The third tranche of the debentures bear interest at a rate of 14% per annum and matures 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. 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 at the rate of \$0.28 per Falcon Butte share.

The Company has no operating revenues and therefore must utilize its cashflows from financing transactions to maintain its capacity to meet ongoing operating activities.

#### **Related Party Information**

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

| <b>(In thousands of U.S. dollars)</b>            | <b>Year ended<br/>December 31, 2023</b> | <b>Year ended<br/>December 31, 2022</b> |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Salaries <sup>(1)</sup>                          | \$ 450                                  | \$ 504                                  |
| Director's fees <sup>(2)</sup>                   | 21                                      | 13                                      |
| Share-based payments <sup>(3)</sup>              | 796                                     | 904                                     |
| Interest on convertible debenture <sup>(4)</sup> | 237                                     | 53                                      |
|                                                  | <b>\$ 1,504</b>                         | <b>\$ 1,474</b>                         |

(1) Charles Travis Naugle, CEO - \$250 (2022 - \$250); Stephen Goodman, President, CFO and Corporate Secretary - \$200 (2022 - \$200); Thomas Patton, Director - \$Nil (2022 - \$54).

(2) Thomas Pressello, Former Director - \$21 (2022 - \$13).

(3) Charles Travis Naugle, CEO - \$214 (2022 - \$367); Stephen Goodman, President, CFO and Corporate Secretary - \$166 (2022 - \$251); Thomas Patton, Director - \$54 (2022 - \$46); Thomas Pressello, Former Director - \$54 (2022 - \$73); Tony Alford, Director - \$308 (2022 - \$167).

(4) Charles Travis Naugle, CEO - \$35 (2022 - \$10); Tony Alford, Director - \$193 (2022 - \$39); Ekaterina Naugle, spouse of the CEO - \$4 (2022 - \$2); Stephen Goodman, President, CFO and Corporate Secretary \$4 (2022 - \$1); Thomas Pressello, Director - \$1 (2022 - \$1)

Other transactions for the year ended December 31, 2023:

- a) On November 1, 2022, the Company amended an employment agreement with Charles Travis Naugle, the CEO of the Company. The CEO will continue to receive remuneration of \$250,000, however, 52% of the salary will be paid in shares of Falcon Butte. The deemed price will be equal to the greater of \$0.28 per share and the latest cash financing price raised by Falcon Butte. On November 1, 2022, \$32,500 of the annual salary was converted to Falcon Butte shares and on February 1, 2023, \$32,500 were converted to Falcon Butte shares.

As a result, for the year ended December 31, 2023, the CEO of the Company was paid as follows:

- \$206,667 in cash
  - \$43,333 in Falcon Butte shares.
- b) As at December 31, 2023, there was \$11,000 (2022 - \$11,000) in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to year end.
- c) During the year ended December 31, 2023, Tony Alford (director), Charles Travis Naugle (CEO), and Stephen Goodman (CFO) subscribed for \$1,000,000, \$120,000, and \$15,000 respectively of unsecured convertible debentures. 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. During the year ended December 31, 2023, the Company accrued \$290,000 in interest related to the newly issued convertible debentures as well as convertible debentures issued during the year ended December 31, 2022.

Other transactions for the year ended December 31, 2022

- a) On January 26, 2022, the Company entered into a property acquisition agreement to assign its options to acquire the Butte Valley property to Falcon Butte, which is a private British Columbia company established to acquire mineral resource properties. Directors and officers of Falcon Butte are also directors and officers of Lion CG and as such the transaction is a non-arm's length transaction under TSXV rules.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley property. Pursuant to the assignment agreement, Lion CG received 16,049,444 common shares of Falcon Butte. In addition, the Company received a payment of \$500,000 from Falcon Butte, as reimbursement of exploration expenditures and related costs incurred by the Company on the Butte Valley Property. The Company recorded a gain of \$2,207,000 on the sale of the Butte Valley property.

On April 13, 2022, the Company amended the agreement. Pursuant to the addendum Falcon Butte would pay a total of \$500,000 in exchange for a 0.5% buy-down and retirement of certain NSRs. As of December 31, 2022, the Company received \$500,000.

- b) As per their agreements with the Company, Charles Travis Naugle and Stephen Goodman, the CEO and President/CFO, respectively, are entitled to receive an annual grant of options under the Stock Option Plan of the Company on each Annual Review Date. The number of options will be determined by the Board based on a minimum of 50% and maximum of 150% of the annual base compensation. The exercise price per common share of the Company will be equal to the Market Price (as defined in the TSXV policies) of the Company's common shares as at the Annual Review Date, subject to a minimum exercise price per share of \$0.05 CAD. The applicable percentage on the annual base salary will be determined by the Board based on an assessment of the performance of the CEO and President/CFO in achieving the Annual Objectives for the relevant Annual Review Period. On May 25, 2022, the CEO and President/CFO were issued a combined 3,300,000 bonus options with an exercise price of \$0.085 and an expiry date of May 25, 2027. The CFO was granted 1,470,000 stock options and the CEO was granted 1,830,000 stock options.
- c) On June 29, 2022, Thomas Patton, a director of the Company, exercised 2,000,000 warrants with an exercise price of \$0.05 per share for gross proceeds of \$100,000.

- d) As per their agreements with the Company, Charles Travis Naugle, CEO and Stephen Goodman President and CFO were each granted 4,000,000 Restricted Stock Units ("RSUs") on October 21, 2021, which were granted subject to vesting in three equal installments over three years. The grant of RSUs is subject to shareholder approval and further subject to Exchange approval of the RSU Plan and the aforementioned grant thereunder. Pursuant to Exchange policies, RSUs granted prior to shareholder approval of the RSU Plan must be specifically approved by a vote of shareholders excluding the votes of the holders of the Restricted Share Units. As a result of these pending approvals, the RSUs cannot commence vesting any earlier than on date of receipt of the same. If at any point 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.

On May 18, 2022, at AGM, Charles Travis Naugle, CEO and Stephen Goodman, President and CFO, were each granted 4,000,000 RSUs.

- e) On June 2, 2022, 1,333,333 RSUs issued to Stephen Goodman President and CFO were voluntarily cancelled.
- d) On June 3, 2022, 1,333,333 RSU's issued to Charles Travis Naugle, CEO, were released. The RSUs were converted into shares on July 28, 2022.
- g) During the year ended December 31, 2022, 3,500,000 options were granted to directors of the Company with an exercise price of \$0.067 and expire on May 25, 2027. In addition, 957,713 options were issued to a director of the Company with an exercise price of \$0.055 and expires on August 18, 2025.
- h) During the year ended December 31, 2022, Tony Alford, director, subscribed for \$250,000 of unsecured convertible debentures in Tranche 1. 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. As of December 31, 2022, the Company accrued \$19,000 in interest related to the convertible debentures.
- i) During the year ended December 31, 2022, Tony Alford (director), Charles Travis Naugle (CEO), Stephen Goodman (CFO), Thomas Pressello (former director), and Ekaterina Naugle (spouse of CEO) subscribed for \$300,000, \$147,400, \$15,000, \$10,000, and \$27,600 respectively of unsecured convertible debentures in Tranche 2. 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. As of December 31, 2022, the Company accrued \$34,000 in interest related to the convertible debentures.
- j) Falcon Copper Corp. has a mineral property lease agreement with a company owned by Charles Travis Naugle, CEO of the Company, to lease a mineral property. The value of the leased property was determined to be \$500,000.

#### **Outstanding Share Information at Date of Report**

Authorized: Unlimited number of common shares

Number of common shares issued and outstanding as of the date of the MD&A: 382,792,710

Number of stock options outstanding as of the date of the MD&A: 63,534,020

Number of warrants outstanding as of the date of the MD&A: 130,970,408

Number of restricted share units outstanding as of the date of the MD&A: Nil

As of 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                     | 0.47                                | 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                    |
| <b>Outstanding, December 31, 2023</b> |                      | <b>49,239,020</b>             |                                     | <b>49,239,020</b>             |

As at the date of the MDA, 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                     | 0.73                                | 1,900,000                     |
| August 8, 2024                                     | 0.06                 | 500,000                       | 0.86                                | 500,000                       |
| June 20, 2025                                      | 0.08                 | 2,450,000                     | 1.72                                | 2,450,000                     |
| August 18, 2025                                    | 0.072                | 2,394,283                     | 1.88                                | 2,394,283                     |
| June 18, 2026                                      | 0.25                 | 3,950,000                     | 2.72                                | 3,950,000                     |
| September 17, 2026                                 | 0.11                 | 4,500,000                     | 2.97                                | 4,500,000                     |
| October 21, 2026                                   | 0.09                 | 2,700,000                     | 3.06                                | 2,700,000                     |
| May 25, 2027                                       | 0.085                | 8,300,000                     | 3.65                                | 8,300,000                     |
| March 2, 2028                                      | 0.095                | 350,000                       | 4.42                                | 350,000                       |
| July 21, 2028                                      | 0.080                | 22,194,737                    | 4.81                                | 22,194,737                    |
| March 4, 2029                                      | 0.07                 | 14,295,000                    | 4.93                                | 14,295,000                    |
| <b>Outstanding, as at the date of the MD&amp;A</b> |                      | <b>63,534,020</b>             |                                     | <b>63,534,020</b>             |

As of December 31, 2022, 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 |
|---------------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------|
| September 20, 2023                    | 0.06                 | 1,470,000                     | 0.72                                | 1,470,000                     |
| June 21, 2024                         | 0.07                 | 1,900,000                     | 1.47                                | 1,900,000                     |
| August 8, 2024                        | 0.06                 | 500,000                       | 1.61                                | 500,000                       |
| June 20, 2025                         | 0.08                 | 2,450,000                     | 2.47                                | 2,450,000                     |
| August 18, 2025                       | 0.072                | 2,394,283                     | 2.63                                | 2,394,283                     |
| June 18, 2026                         | 0.25                 | 3,950,000                     | 3.47                                | 3,950,000                     |
| September 17, 2026                    | 0.11                 | 4,500,000                     | 3.72                                | 4,500,000                     |
| October 21, 2026                      | 0.09                 | 2,700,000                     | 3.81                                | 2,700,000                     |
| December 12, 2026                     | 0.12                 | 750,000                       | 3.95                                | 750,000                       |
| May 25, 2027                          | 0.085                | 9,000,000                     | 4.40                                | 9,000,000                     |
| <b>Outstanding, December 31, 2022</b> |                      | <b>29,614,283</b>             |                                     | <b>29,614,283</b>             |

The following table summarizes warrants outstanding as of the date of the MD&A, as at December 31, 2023 and December 31, 2022:

| <b>Expiry date</b> | <b>Currency</b> | <b>Exercise price</b> | <b>Date of MD&amp;A</b> | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--------------------|-----------------|-----------------------|-------------------------|--------------------------|--------------------------|
| September 13, 2024 | USD             | 0.10                  | 26,488,733              | 26,488,733               | 26,488,733               |
| September 27, 2024 | USD             | 0.10                  | 13,152,909              | 13,152,909               | 13,152,909               |
| October 21, 2024   | USD             | 0.10                  | 31,672,632              | 31,672,632               | 31,672,632               |
| February 17, 2024  | USD             | 0.067                 | -                       | 16,044,774               | 16,044,774               |
| March 8, 2024      | USD             | 0.067                 | -                       | 13,805,964               | 13,805,964               |
| November 2, 2024   | USD             | 0.070                 | 16,041,732              | 18,461,015               | -                        |
| February 16, 2025  | USD             | 0.060                 | 15,696,882              | -                        | -                        |
| March 8, 2029      | USD             | 0.056                 | 23,809,522              | -                        | -                        |
| March 8, 2029      | USD             | 0.056                 | 4,107,998               | -                        | -                        |
| <b>Outstanding</b> |                 |                       | <b>130,970,408</b>      | <b>119,626,027</b>       | <b>101,165,012</b>       |

The following table summarizes Restricted share units outstanding as of the date of the MD&A, as of December 31, 2023 and December 31, 2022:

| <b>Grant Date</b>  | <b>Date of MD&amp;A</b> | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--------------------|-------------------------|--------------------------|--------------------------|
| June 3, 2022       | -                       | -                        | 5,333,334                |
| <b>Outstanding</b> | -                       | -                        | <b>5,333,334</b>         |

## Risks Factors and Uncertainties

The Company is subject to many risks and uncertainties, each of which could have an adverse effect on the results, business prospects or financial position.

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, derivative liabilities and convertible debentures.

Financial instruments recorded at fair value on the consolidated balance sheets 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 shareholder 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.

### 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.



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.

### Subsequent Events

On January 4, 2024, the Company received \$11,500,000 in relation to the amendment to its earn-in agreement with Rio Tinto. \$10,000,000 pertains to the Stage 2b program of work and the additional \$1,500,000 pertains to an advance on Stage 3 funding for exploration on certain portions of the Bear deposit.

On January 12, 2024, BCR LLC amended the common stock purchase warrant dated September 6, 2023. The purpose of the amendment is to extend the expiration date of 23,809,524 warrants issued from March 2, 2024, to September 2, 2025.

On January 16, 2024, the Company filed its Opening Brief with the Lyon County Circuit Court requesting the Court reverse the State Engineer's 2021 and 2023 forfeiture decisions. The Company is awaiting a response from the Court. The Opening Brief was filed with the court as a continuation of its efforts to appeal the State's wrongful decision to forfeit three primary ground water rights permits. The legal approach is currently following two paths: First, the Company appealed the State Engineer's forfeiture decision asking the court to overturn the decision as unlawful. Second, the Company also filed a complaint requesting equitable relief from the court requesting the judge reinstate the water rights. At the Company's request, the Court stayed the decisions of the State Engineer related to the Company's water rights. In parallel with the legal appeal process, the Company also continues to evaluate opportunities for non-judicial settlement discussions with the State. SPS will continue 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.

On January 23, 2024, FCC amended the common stock purchase warrant dated September 6, 2023. The purpose of the amendment is to extend the expiration date of 23,809,524 warrants issued from March 2, 2024, to September 2, 2025.

On February 5, 2024, FCC issued 2,586,207 common shares at a price of \$0.116/share for a total proceeds of \$300,000. Following the recently concluded financing, the ownership stake of LCG in QTA now stands at 46.65%.

On February 15, 2024, the Company announced the restructuring of its existing debentures, comprising \$2,000,000 principal for the debentures issued in 2022 and \$1,306,000 principal for the debentures issued in 2023. Under the restructuring plan, the company offered up to \$3,950,000 in new senior unsecured debentures, featuring a 20% annual interest rate and maturing in 12 months from the restructuring date. The restructuring offers holders of the new debentures the flexibility to convert accrued interest into common shares of the Company at a conversion price determined by the Market Price as defined in TSX Venture Exchange policies on the conversion date. Alternatively, they can opt for conversion at a fixed price of US\$0.06 (C\$0.08) per share. Additionally, holders have the option to convert into common shares of Falcon Butte, at a set price of US\$0.25 (C\$0.32) per share. Additionally, warrants are issued alongside the new debentures, allowing holders to purchase common shares at US\$0.06 per share for a 12-month period. For debenture holders choosing not to participate in the restructuring offer, conversion of principal and interest into units of the company is available at US\$0.045 per Unit, each comprising a common share and a warrant exercisable at US\$0.06 per share for a period of 5 years.

On February 20, 2024, the Company issued new convertible debentures totaling US\$941,000 to replace the convertible debenture issued in 2022 and 2023. The new debentures mature in 12 months and carry a 20% annual interest rate. The new debentures are convertible into common shares of the Company at US\$0.06 (C\$0.08) per share or can be converted in-kind for common shares of Falcon Butte Minerals Corp. at a conversion price of US\$0.25 (C\$0.32) per Falcon Butte share. Holders also received 15,696,883 share purchase warrants, exercisable at US\$0.06 (C\$0.08) per share within 12 months. Additionally, US\$259,000 of the original debentures were converted into 3,500,000 common shares.

On February 27, 2024, FCC issued 862,069 common shares at a price of \$0.116/share for a total proceeds of \$100,000. Following the recently concluded financing, the ownership stake of LCG in QTA now stands at 46.33%.

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 five years from the date of grant.

On March 8, 2024, the Company completed a debt settlement pursuant to which it has issued 4,107,998 units at \$0.042 (C\$0.05625) per unit and 41,707,215 common shares at \$0.042 (C\$0.05625) to settle \$1,924,000 of debt. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant is exercisable into one additional common share at a price of \$0.056 (C\$0.075) per share for a period of 5 years from the date of issuance.

On March 8, 2024, the Company closed a private placement consisting of an aggregate of 23,809,522 units a price of \$0.042 (C\$0.05625) per unit for aggregate gross proceeds to the Company of \$1,000,000. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant is exercisable into one additional common share at a price of \$0.056 (C\$0.075) per share for a period of 5 years from the date of issuance

### **Preliminary Economic Assessment**

On January 30, 2024, the Company announced the results of a Preliminary Economic Assessment ("PEA") on its Yerington Copper Project. The PEA envisions an open pit mining strategy followed by a heap leach operation, enhanced by the application of Rio Tinto's Nuton technologies to process primary sulfide copper materials. Highlights of the PEA results include (full details and disclaimers on the PEA results are provided in the January 30, 2024 news release):

#### **Highlights:**

- **Post-tax NPV7% of \$356 million and IRR of 17.4%, calculated at a copper price of \$3.85/lb**
- **Utilization of cutting-edge Nuton technologies for recovering cathode copper from primary sulfide materials, negating the need for concentrator, tailings impoundment and smelter operations**
- **12-year open pit mine life encompassing operations at Yerington and MacArthur, with projected lifetime copper (Cu) production of 1.4 billion pounds, averaging 117 million pounds per year**
- **Initial capital expenditure of \$413 million including all mine pre-production costs, with sustaining capital of \$653 million**
- **Post-tax payback period of 5.0 years**
- **Average cash operating costs of \$2.20/lb copper payable**
- **Cumulative cashflow of \$1.00 billion post-tax and \$1.24 billion pre-tax on base case assumptions**
- **Exceptionally low overall open pit strip ratio at 0.3:1.0 (waste:feed)**
- **Synergistic co-location of processing facilities within a single legacy-affected site, servicing both the Yerington Mine and the MacArthur Mine, effectively minimizing environmental impacts in the region**

- **Dewatering of the Yerington pit lake, involving the pumping of approximately 43,000 acre-feet of water at a cost of \$50 million, which not only facilitates pit expansion but also unlocks water for alternative beneficial use in Mason Valley**

The Yerington Copper Project PEA merges the Yerington and MacArthur projects into an integrated mining operation. The development strategy begins with reprocessing legacy rock stockpiles and tailings at the Yerington Mine, followed by mining activities at the base of the legacy Yerington pit once dewatered. Oxide and sulfide materials will be mined and processed via separate heap leach pads located at the legacy Yerington Mine.

The sulfide processing will utilize Nuton technologies, enabling copper recovery reaching 74% and eliminating the necessity for a concentrator, tailings facility and smelter. Resulting copper-rich solutions from both sulfide and oxide heaps will be collected and routed to a central solvent extraction and electrowinning (SX-EW) facility for on-site production of cathode copper. In a subsequent project phase, oxide material from the MacArthur Mine will complement ongoing Yerington operations.

The Project's Mineral Resource consists of the Yerington Deposit, W-3 Stockpile, Vat Leach Tailings and MacArthur Deposit. Total Measured and Indicated Resources are 457.9 million tons at 0.25% TCu containing 2.9 billion pounds of copper. Inferred Resources add 269.7 million tons at 0.19% TCu for 1.3 billion pounds of contained copper.

**The Mineral Resources are reported in accordance with CIM Definition Standards and do not represent Mineral Reserves. There is no certainty that all or any part of the Mineral Resources will be converted to Mineral Reserves. The Inferred Resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Inferred Resources must be excluded from economic evaluations.**

| Parameter                     | Units           | Pre-Tax | Post-Tax |
|-------------------------------|-----------------|---------|----------|
| Copper Price                  | \$US/lb         | 3.85    |          |
| Economic Indicators           |                 |         |          |
| Net Present Value (7%)        | \$US M          | 482     | 356      |
| IRR                           | %               | 20.3    | 17.4     |
| Payback Period                | Years           | 4.7     | 5.0      |
| Copper Revenue less Royalties | \$US M          | 5,297   | 5,297    |
| Total Operating Cost          | \$US M          | 2,987   | 2,987    |
| Life of Mine Capital Cost     | \$US M          | 1,067   | 1,067    |
| Net Taxes                     | \$US M          | -       | 243      |
| Net Cash Flow                 | \$US M          | 1,244   | 1,001    |
| Cash Costs                    | \$US/lb payable | 2.20    | 2.37     |
| AISC                          | \$US/lb payable | 2.96    |          |
| Copper - Payable              | Mlb             | 1,402   |          |
| Mine Life                     | Years           | 12      |          |

| Copper Price \$US/lb<br>Variance | \$3.08<br>-20% | \$3.47<br>-10% | <b>\$3.85<br/>Base</b> | \$4.24<br>10% | \$4.62<br>20% | \$5.00<br>30% |
|----------------------------------|----------------|----------------|------------------------|---------------|---------------|---------------|
| <b>Pre-tax</b>                   |                |                |                        |               |               |               |
| NPV @7% \$M                      | -\$89.8        | \$201          | <b>\$482</b>           | \$771         | \$1,051       | \$1,332       |
| IRR                              | 3.7%           | 13.2%          | <b>20.3%</b>           | 26.5%         | 31.8%         | 36.7%         |
| <b>Post-tax</b>                  |                |                |                        |               |               |               |
| NPV @7% \$M                      | -\$129         | \$122          | <b>\$356</b>           | \$589         | \$812         | \$1,035       |
| IRR                              | 2.1%           | 11.0%          | <b>17.4%</b>           | 22.9%         | 27.6%         | 32.0%         |

### Mineral Resource Estimate

The Mineral Resources for the Yerington Copper Project are composed of the Yerington Deposit, W-3 Stockpile, Vat Leach Tailings and the MacArthur Deposit.

**The Yerington Copper Project Mineral Resource estimate described below is classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (CIM, 2014).**

Yerington Deposit - The Mineral Resource estimate utilizes validated historic drill hole data generated by Anaconda Copper Mining Company ("Anaconda") and recent drilling results by the Company in 2011, 2017 and 2022. The updated Mineral Resources for the Yerington Deposit are: Measured Resources of 62.9 Mtons at 0.30% TCu; Indicated Resources of 94.7 Mtons at 0.27% TCu; and Inferred Resources of 113.2 Mtons at 0.22% TCu.

### 2023 Yerington Deposit Mineral Resource estimate

| Material                          | Cutoff Grade (TCu%) | Tons               | Grade (TCu%) | Contained Copper (lbs) |
|-----------------------------------|---------------------|--------------------|--------------|------------------------|
| Measured Oxide                    | 0.038               | 20,230,000         | 0.25         | 99,367,000             |
| Measured Sulfide                  | 0.126               | 42,671,000         | 0.32         | 274,578,000            |
| <b>Measured Total</b>             |                     | <b>62,901,000</b>  | <b>0.30</b>  | <b>373,945,000</b>     |
| Indicated Oxide                   | 0.038               | 13,749,000         | 0.22         | 60,166,000             |
| Indicated Sulfide                 | 0.126               | 80,960,000         | 0.28         | 457,921,000            |
| <b>Indicated Total</b>            |                     | <b>94,709,000</b>  | <b>0.27</b>  | <b>518,087,000</b>     |
| Measured + Indicated Oxide        | 0.038               | 33,979,000         | 0.23         | 159,533,000            |
| Measured + Indicated Sulfide      | 0.126               | 123,631,000        | 0.30         | 732,499,000            |
| <b>Measured + Indicated Total</b> |                     | <b>157,610,000</b> | <b>0.28</b>  | <b>892,032,000</b>     |
| Inferred Oxide                    | 0.038               | 33,347,000         | 0.18         | 122,221,000            |
| Inferred Sulfide                  | 0.126               | 79,881,000         | 0.24         | 385,938,000            |
| <b>Inferred Total</b>             |                     | <b>113,229,000</b> | <b>0.22</b>  | <b>508,159,000</b>     |

#### Notes:

1. Effective date for this Mineral Resource estimate is May 1, 2023.
2. The 2023 Mineral Resource estimate uses a variable break-even economic cut-off grade of 0.038% TCu and 0.126% TCu based on assumptions of a net copper price of \$4.08/lb (after processing, transportation and royalty charges), 70% recovery in oxide material, 75% recovery in sulfide material.
3. Mineral Resources are not Mineral Reserves and do not demonstrate economic viability.
4. Mineral Resource estimate reported from within resource pit shell.
5. There is no certainty that all or any part of the Mineral Resource estimate will be converted into Mineral Reserves.
6. All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

W-3 Stockpile - W-3 is a rock disposal stockpile that lies north-northwest of the current Yerington pit and was derived from subgrade copper oxide material mined during historical Anaconda mining operations. The Inferred W-3 Stockpile Mineral Resource is 14.1 million tons at 0.11% TCu.

### 2023 W-3 Stockpile Mineral Resource Statement

| Class          | Cutoff Grade (TCu%) | Tons       | Grade (TCu%) | Contained Copper (lbs) |
|----------------|---------------------|------------|--------------|------------------------|
| Inferred Oxide | >= 0.04             | 14,100,000 | 0.11         | 30,571,000             |

Notes:

1. Effective date for this W-3 Stockpile Mineral Resource estimate is July 31, 2023.
2. The 2023 Mineral Resource estimate uses a variable break-even economic cut-off grade of 0.040 % TCu based on assumptions of a net copper price of \$4.08/lb (after processing, transportation, and royalty charges), and 70% recovery in oxide material.
3. Mineral Resource are not Mineral Reserves and do not demonstrate economic viability.
4. Mineral Resource estimate reported from within resource pit shell.
5. There is no certainty that all or any part of the Mineral Resource estimate will be converted into Mineral Reserves.
6. All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

Vat-Leached Tailings - Vat-Leached Tailings, in the form of oxide tailings, are the leached products of Anaconda's vat leach copper extraction. The oxide tailings, located north of the Process Areas, contain the crushed rock at the base of the leach vats that remained following the extraction of copper in the vat-leaching process. The Inferred VLT Mineral Resource is 33.2 million tons at 0.09% TCu.

### 2023 VLT Mineral Resource Statement

| Class          | Cutoff Grade (TCu%) | Tons       | Grade (TCu%) | Contained Copper (lbs) |
|----------------|---------------------|------------|--------------|------------------------|
| Inferred Oxide | >= 0.04             | 33,160,000 | 0.09         | 62,622,000             |

Notes:

1. Effective date for this VLT Mineral Resource estimate is July 31, 2023.
  2. The 2023 Mineral Resource estimate uses a variable break-even economic cut-off grade of 0.040 % TCu based on assumptions of a net copper price of \$4.08/lb (after processing, transportation and royalty charges), and 70% recovery in oxide material.
  3. Mineral Resource are not Mineral Reserves and do not demonstrate economic viability.
  4. Mineral Resource estimate reported from within resource pit shell.
  5. There is no certainty that all or any part of the Mineral Resource estimate will be converted into Mineral Reserves.
- All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

MacArthur Deposit - The Mineral Resource estimate of the MacArthur Deposit encompasses three principal domains: Main MacArthur, Gallagher and North Ridge. An overview of Section 14 from the Technical Report, titled "MacArthur Copper Project, Mason Valley, Nevada, USA, Mineral Resource Estimate," is presented in the following tables. There have been no subsequent updates to the MacArthur Mineral Resource following the publication of the Technical Report on February 25, 2022.

The Mineral Resource estimate for the MacArthur Deposit are: Measured Resources of 116.7 Mtons at 0.18% TCu; Indicated Resources of 183.7 Mtons at 0.158% TCu; and Inferred Resources of 156.5 Mtons at 0.151% TCu.

## MacArthur Deposit - Summary of Mineral Resource

| Classification       | Ktons   | Grade (Total Cu%) | Contained Copper Pounds x 1000 |
|----------------------|---------|-------------------|--------------------------------|
| Measured             | 116,666 | 0.180             | 420,929                        |
| Indicated            | 183,665 | 0.158             | 579,479                        |
| Measured + Indicated | 300,331 | 0.167             | 1,000,408                      |
| Inferred             | 156,450 | 0.151             | 471,714                        |

### Notes:

1. The effective date of the MacArthur Mineral Resource estimate is February 25, 2022.
2. Cutoff grade: 0.06% TCu for Leach Cap, Oxide & Transition
3. Cutoff grade for Sulfide: 0.06% TCu for MacArthur & North Ridge, 0.08% TCu for Gallagher.
4. Total resource shell tonnage = 628,831 ktons

### Mineral Resource by Domain

| Domain       | Total Copper Cutoff, % | MEASURED<br>Ktons & Grade Above Cutoff |              |                            | INDICATED<br>Ktons & Grade Above Cutoff |              |                            | MEASURED & INDICATED<br>Ktons & Grade Above Cutoff |              |                            |
|--------------|------------------------|----------------------------------------|--------------|----------------------------|-----------------------------------------|--------------|----------------------------|----------------------------------------------------|--------------|----------------------------|
|              |                        | Ktons                                  | TCu, %       | Contained Cu Pounds x 1000 | Ktons                                   | TCu, %       | Contained Cu Pounds x 1000 | Ktons                                              | TCu, %       | Contained Cu Pounds x 1000 |
| MacArthur    | 0.06                   | 82,983                                 | 0.184        | 305,303                    | 77,171                                  | 0.151        | 233,446                    | 160,154                                            | 0.168        | 538,749                    |
| North Ridge  | 0.06                   | 25,149                                 | 0.176        | 88,507                     | 78,305                                  | 0.166        | 259,558                    | 103,454                                            | 0.168        | 348,065                    |
| Gallagher    | 0.06/0.08              | 8,534                                  | 0.159        | 27,119                     | 28,189                                  | 0.153        | 86,475                     | 36,723                                             | 0.155        | 113,594                    |
| <b>Total</b> |                        | <b>116,666</b>                         | <b>0.180</b> | <b>420,929</b>             | <b>183,665</b>                          | <b>0.158</b> | <b>579,479</b>             | <b>300,331</b>                                     | <b>0.167</b> | <b>1,000,408</b>           |

| Domain       | Total Copper Cutoff, % | INFERRED<br>Ktons & Grade Above Cutoff |              |                            |
|--------------|------------------------|----------------------------------------|--------------|----------------------------|
|              |                        | Ktons                                  | TCu, %       | Contained Cu Pounds x 1000 |
| MacArthur    | 0.06                   | 30,815                                 | 0.158        | 97,490                     |
| North Ridge  | 0.06                   | 62,593                                 | 0.154        | 192,187                    |
| Gallagher    | 0.06/0.08              | 63,042                                 | 0.144        | 182,037                    |
| <b>Total</b> |                        | <b>156,450</b>                         | <b>0.151</b> | <b>471,714</b>             |

*Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.*

This subsequent PEA event highlights the potential economic viability and development opportunity for an integrated, sustainable mining operation at the Company's Yerington Copper Project.

**Off - Balance Sheet Arrangements**

The Company has not entered any off-balance sheet arrangements.

**Initial adoption of new accounting standards**

Adoption of new accounting standards have been disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2023 and 2022.

**Significant Accounting Policies**

The consolidated financial statements for the year ended December 31, 2023 have been prepared in accordance with U.S. GAAP.

See Note 3 to the consolidated financial statements for significant accounting policies used in the preparation of the consolidated financial statements.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the application of policies, reported amounts and disclosures. By their nature, these estimates and judgments are subject to uncertainty and the effect on these consolidated financial statements of changes in such estimates in future periods could be significant. Actual results could differ from those estimates.

See Note 3 to the consolidated financial statements for critical accounting judgements and estimates used in the preparation of the consolidated financial statements.

**Changes in Accounting Policies**

The Consolidated Financial Statements for the year ended December 31, 2022 are the first the Company has prepared in accordance with U.S. GAAP. The Company previously prepared its financial statements, up to and including nine months ended September 30, 2022, in accordance with International Financial Reporting Standards.

Accordingly, the Company has prepared financial statements that comply with U.S. GAAP applicable as at December 31, 2023, together with the comparative year data for the year ended December 31, 2022. The most significant change in accounting policy is as follows:

**Mineral Properties**

Under IFRS, the Company capitalized both acquisition and exploration costs relating to the Company's mineral properties. Under U.S. GAAP, the industry standard is to capitalize acquisition costs but expense exploration costs unless a proven or probable reserve can be established at the mineral property. Adjustments has been made to expense previously capitalized exploration costs to be in accordance with U.S. GAAP.

**Forward-Looking Statements**

This Management's Discussion and Analysis contains "forward-looking information" and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable securities laws.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

The Forward-Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Statements. Such factors include, but are not limited to, general business and economic uncertainties; exploration and resource extraction risks; uncertainties relating to surface rights; the actual results of current exploration activities; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of natural resource based commodities; increased competition in the natural resource industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; the risk of arbitrary changes in law; title risks; and the risk of loss of key personnel.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading "Risks Factors and Uncertainties" elsewhere in this MD&A. Forward-Looking Statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). No obligation is undertaken to update publicly or otherwise revise any Forward-Looking Statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because Forward-Looking Statements are inherently uncertain, readers should not place undue reliance on them. The Forward-Looking Statements contained herein are expressly qualified in their entirety by this cautionary statement.







**CERTIFIED COPY**  
Of a Document filed with the Province of  
British Columbia Registrar of Companies

  
T.K. SPARKS

## Notice of Articles

BUSINESS CORPORATIONS ACT

*This Notice of Articles was issued by the Registrar on: July 28, 2023 01:45 PM Pacific Time*

*Incorporation Number:* **BC0446713**

*Recognition Date:* Incorporated on May 11, 1993

### NOTICE OF ARTICLES

**Name of Company:**

LION COPPER AND GOLD CORP.

### REGISTERED OFFICE INFORMATION

**Mailing Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

**Delivery Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

### RECORDS OFFICE INFORMATION

**Mailing Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

**Delivery Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

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## DIRECTOR INFORMATION

### Last Name, First Name, Middle Name:

Naugle, Charles Travis

#### Mailing Address:

23768 SHOOTING STAR DRIVE  
GOLDEN CO 80401  
UNITED STATES

#### Delivery Address:

23768 SHOOTING STAR DRIVE  
GOLDEN CO 80401  
UNITED STATES

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### Last Name, First Name, Middle Name:

Alford, Tony

#### Mailing Address:

7040 INTERLAKEN DR.  
KERNERSVILLE NC 27285  
UNITED STATES

#### Delivery Address:

7040 INTERLAKEN DR.  
KERNERSVILLE NC 27285  
UNITED STATES

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### Last Name, First Name, Middle Name:

PATTON, THOMAS C.

#### Mailing Address:

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

#### Delivery Address:

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

---

### Last Name, First Name, Middle Name:

Goodman, Stephen

#### Mailing Address:

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

#### Delivery Address:

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

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## AUTHORIZED SHARE STRUCTURE

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1. No Maximum

COMMON Shares

Without Par Value

Without Special Rights or  
Restrictions attached

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## CONSULTING AGREEMENT

DATED effective the 15<sup>th</sup> day of September 2021.

BETWEEN:

**Lion Copper and Gold Corp.**, a company existing under the laws of British Columbia and having an office at Suite 1200 - 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8 (the "**Company**")

(the "**Company**")

AND:

**1327095 B.C. U.L.C.**, a company incorporated pursuant to the laws of British Columbia and having a registered office at 1200-750 West Pender Street, Vancouver, British Columbia, Canada V6C 2T8

(the "**Consultant**")

**WHEREAS:**

- A. The Company is involved in the business of acquiring, exploring and developing natural resource properties;
- B. The Consultant has North American and international expertise and experience in the business carried on by the Company and is the President, Corporate Secretary and Chief Financial Officer of the Company; and
- C. The Company wishes to acquire the Services (as defined below) of the Consultant and the Consultant is agreeable to serve the Company upon the terms of this Agreement.

**NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements contained in this Agreement, the parties hereto agree as follows:**

- 1. The Company retain the Consultant as the Company's President, Corporate Secretary and Chief Financial Officer as of September 15<sup>th</sup>, 2021, for a term commencing on the effective date of this Agreement and ending May 1, 2024 (the "**Term**"), unless extended or terminated earlier as hereinafter provided.
- 2. The Consultant will provide the following services:
  - a) Formulating and implementing a strategic plan that includes financing and market awareness with the CEO that guides the direction of the Company's business;
  - b) Managing the Company and its components with the CEO and ensuring they function properly, including identifying and solving problems that may prevent their smooth and efficient operation;
  - c) Seeking, investigating and implementing under direction of the Board of Directors of the Company (the "**Board**"), opportunities for growth of the business of the Company including property acquisitions and dispositions, M&A activity, joint ventures and partnerships;

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- d) Negotiating joint ventures, partnership agreements and other operational and financial arrangements;
- e) Working with the CEO, identifying and implementing opportunities for increased operating efficiency and cost cutting;
- f) Working with the CEO, monitoring and improving financial performance including budgets, operations, financial statements and cash flow management;
- g) Coordinating the Company's financial reporting and disclosure requirements, including news releases, quarterly financial statements and MD&As;
- h) Working with the CEO, monitoring and ensuring compliance with security regulations governing publicly-traded companies;

- i) Working with the CEO on public and private financings, including negotiating and working with investment bankers, brokerage firms and legal advisors;
- j) Building the Company's profile in the financial and investment communities, including developing the Company's story and communicating it to retail and institutional investors, mining analysts and the media;
- k) Negotiating services with financial service providers such as investment banks with the CEO related to capital raising, marketing tours; and
- l) Carrying out the typical functions of a President, CFO and Corporate Secretary for a junior resources company with the level of competence and skill reasonably expected from persons with skills and experience similar to that of the Consultant.

(collectively, "**the Services**")

3. The Consultant will report to the Board and will keep the Company informed of all matters concerning the Services as requested by the Company from time to time.

4. During the Term, the Consultant will diligently and faithfully devote the time, effort and ability to the Company's affairs and businesses necessary to perform his duties under this Agreement.

5. The Consultant's duties will be as set out in Paragraph 2 hereof. The Consultant will conduct the operations of the Company in an efficient, trustworthy and businesslike manner to the advantage and benefit of the Company.

6. Except as provided in Paragraph 7, during the Term the Consultant will not, without prior written consent, directly or indirectly engage in any business activity or enterprise that would result in a conflict of interest between the Consultant's duties to the Company and the Consultant's duties to any other person.

7. The Company is aware that the Consultant has now, may acquire and will continue to have a variety of types of engagements with or interests in other companies and properties, and the Company recognize that these companies and properties will require a certain portion of the Consultant's time. The Company agree that the Consultant may continue to devote time to such outside engagements and interests, provided that such engagements and interests do not conflict with, in any way, the ability of the Consultant to perform his duties under this Agreement.

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8. The Company will pay the Consultant, by way of remuneration, an annual fee of (two hundred thousand) US\$ 200,000 (the "**Fee**") effective as of the date of this Agreement, payable in equal semi-monthly installments on the fifteenth and last day of each month. Should the fifteenth or last day of any month not be a business day, the semi-monthly installment of the Fee otherwise due on such date will be paid to the Consultant on the immediately preceding business day. Upon the expiration of one year following the date of this Agreement and each year thereafter during the Term, the Board will review the Fee with a view to increase, giving consideration to the financial position of the Company and the scope of their activities.

The Board, in its sole discretion following consultation with the Consultant, will establish strategic objectives (the "**Annual Objectives**") for the Consultant for each period commencing on December 15 in the first year of this Agreement, and thereafter for each annual period ending December 15 (an "**Annual Review Period**"). The Consultant will be provided with written notice of the Annual Objectives at the time they are established by the Board. The Board (which will include any committee of the Board) will conduct an annual review of the Consultant to occur on a date in December of each year and on or before the expiry of the Annual Review Period (the "**Annual Review Date**").

The Consultant will be entitled to receive an annual grant of options under the Stock Option Plan of the Company on each Annual Review Date. The number of options will be determined by the Board based on a minimum of 50% and maximum of 150% of the Fee payable during the Annual Review Period divided by the exercise price per common share of the Company. The aggregate number of Company options granted to the Consultant in any 12 month period will be not be more than 2% of the issued shares of the Company calculated at the date of grant of such options. The exercise price per common share of the Company will be equal to the Market Price (as defined in the TSXV policies) of the Company's common shares as at the Annual Review Date, subject to a minimum exercise price per share of C\$0.05. The applicable percentage of annual Fee will be determined by the Board based on an assessment of the performance of the Consultant in achieving the Annual Objectives for the relevant Annual Review Period.

If the Company terminates the Consultant's Services for any reason other than death or disability, the Consultant will receive a payment equal to 75% of the annual grant of options under the Stock Option Plan of the Company that was due to be paid on the next Annual Review Date following such date of termination.

9. The Consultant will be entitled to reimbursement for all travel expenses and other reasonable expenditures actually and properly incurred by him in connection with his provision of Services hereunder. For all such expenses the Consultant will furnish to the Company statements and vouchers as and when required by the Company.

10. The parties acknowledge and agree that the Consultant is an independent consultant and that:

- a) the Consultant is not an employee, partner, or joint venturer of the Company; and

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- b) the Consultant has control over the timing and hours of the provision and performance of the Services.

11. To the extent that it is permitted by applicable tax laws and regulations and subject to the advice that the Company receive from their tax accountants or other professional advisors, the Consultant will be classified as a consultant of the Company and not an employee such that all compensation which is provided by the Company to the Consultant under this Agreement will be calculated on a gross basis and, as otherwise determined by the Company, for which no statutory taxes will first be deducted by the Company.

12. The Consultant will be responsible for remittance of any taxes, pension premiums, or other payments required under any law related to the Fee and expenses paid to the Consultant pursuant to this Agreement. Furthermore, if these amounts are not remitted, the Consultant will indemnify and hold harmless the Company from and against any claim for taxes, penalties and for withholding of funds by the applicable government agency with respect to any amount found to be payable by the Company to such commission or agency in respect of the Consultant under this Agreement and any legal fees incurred by the Company in defending such claims.

13. The Company will not contribute to the Canada Pension Plan or employment insurance, or withhold federal and provincial taxes, or provide any other contributions or benefits to the Consultant, which might be expected in an employer-employee relationship, including vacations, bonuses, sick leave, medical insurance and life insurance.

14. The Consultant acknowledges that in performing the Services pursuant to this Agreement, the Consultant will occupy a position of high fiduciary trust and confidence and that the Consultant will develop and acquire wide experience and knowledge with respect to all aspects of the manner in which the Company's business is conducted. Without limiting the generality of the foregoing, the Consultant agrees to observe the highest standards of loyalty, good faith and avoidance of conflicts of duty and self-interest, in performing the Services. It is the intent and agreement of the parties that the Consultant will use such knowledge and experience solely and exclusively in furtherance of the business interests of the Company.

15. The Consultant is bound by and agrees to faithfully observe and abide by all the rules and regulations of the Company in force from time to time. The Consultant specifically agrees to comply with the Company's policies with respect to insider trading, confidentiality, disclosure, capital expenditures, forward commitments, derivatives, currency hedging and corporate ethics, as these and other policies are implemented or amended from time to time in accordance with the corporate governance procedures of the Company.

16. The Consultant will not, either before or after the termination of this Agreement, disclose to any person, nor make use of himself, any non-public information or trade secrets relating to the Company, its business, policies, methods, scientific data or information which he will have acquired in any manner ("**Confidential Information**") except in connection with the Services. The Consultant agrees that disclosure by him of such Confidential Information may result in irreparable injury and damage to the Company, which will not be adequately compensable in money damages, that the Company will have no adequate remedy at law therefor, and that the Company will have the right, and may, without objection from the Consultant, obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as may be necessary to protect the Company against, or on account of any breach by the Consultant of the provisions of this paragraph. Nothing herein will be construed as preventing the Company from pursuing any other remedies available to them for such breach or threatened breach, including the recovery of damages from the Consultant. Notwithstanding the above, any disclosure of Confidential Information which occurs in the course of the Consultant's reasonable provision of the Services to the Company, or which is required pursuant to any applicable law or the order of a court or any regulatory body, will not be considered a breach of the confidentiality obligations in this Paragraph 18. The Consultant agrees that the above restrictions will survive the termination or expiry of this Agreement.

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17. The Consultant will, upon receipt of all sums due and owing at any time upon request by the Company, and immediately upon the termination of this Agreement, promptly return to the Company, all originals and copies of Confidential

Information and all paper and electronic documents and other records containing Confidential Information, and any other property belonging to, or relating to the business of, the Company or its subsidiaries, parents, affiliates and related companies.

18. The Consultant understands and accepts that the Company will collect, use and disclose personal information about the Consultant for security and business-related purposes. The Consultant consents to the Company collecting, using and disclosing personal information about it when reasonably necessary for security and business-related purposes in accordance with applicable legislation and any privacy policy that the Company may have in effect and amended from time to time.

19. In the event that the Company completes a Change Of Control (as defined below) during the term of the this Agreement or within six months of the termination of this Agreement, upon the completion of such Change of Control, the Company shall pay to the Consultant a payment (the "**Change of Control Payment**") equal to three times the Employee's annual Fee, calculated as at the earlier of the date of the Change of Control or the last day of the Employee's Services. Additionally, upon a Change of Control, any unvested stock options or grants under other equity compensation plans held by the Consultant shall immediately vest. In the event this Agreement is terminated within six months following a Change of Control, provided the Consultant has been paid the Change of Control Payment, no further payment to the Consultant shall be required.

A Change of Control shall be deemed to have occurred in any of the following circumstances:

- i) a combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of their affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the common shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
- ii) the sale, exchange or other disposition to a person other than an affiliate of the Company of all, or substantially all, of the Company's assets or of the following specific assets - the MacArthur deposit;

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- iii) the sale, exchange or other disposition of the MacArthur deposit to a person other than an affiliate of the Companies of over 50% of the asset
- iv) a resolution is adopted to wind-up, dissolve or liquidate either the Company;
- v) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors); or
- vi) a change in the composition of the Board, which occurs at a meeting of directors or otherwise or at a meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change.

20. The Services to be provided by the Consultant and performed by Stephen Goodman as the representative of the Consultant pursuant hereto are personal in character, and neither this Agreement nor any rights or benefits arising thereunder are assignable by the Consultant without the prior written consent of the Company.

21. The Company will enter into an industry standard form of director and officer indemnification agreement with the Consultant, and will at all times maintain director and officer liability insurance in accordance with industry standard norms for public mining companies, with coverage of not less than \$5,000,000. The Company will maintain directors and officers insurance that will specifically cover the Consultant for one year in the event of termination.

22. The Consultant will indemnify and save harmless the Company of and from all manner of action, causes of action, proceedings, claims, demands and expenses whatsoever which may be brought or made against the Company or which the Company may sustain, pay or incur as a result of or in connection with any breach by the Consultant of the Consultant's obligations, covenants or agreements set forth in this Agreement.

23. The Consultant may terminate this Agreement by providing to the Company 30 days' prior written notice. Notwithstanding any other provision of this Agreement, if either party is in material breach of any provision of this Agreement, is unable or unwilling to perform the duties under this Agreement, commits fraud or serious neglect or misconduct in the discharge of its duties hereunder, or becomes bankrupt or makes any arrangement or compromise with its creditors, the non-breaching party may immediately terminate this Agreement.

24. If any provision, word or clause of this Agreement will be held to be illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability will not affect the

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remaining provisions which will be fully severable, and this Agreement will be construed and enforced without regard to such illegal, invalid or unenforceable provision.

25. This Agreement terminates and supersedes all pre-existing agreements or other arrangements between the parties, and contains the entire agreement and obligation between the parties with respect of the subject matter hereof. No amendment to this Agreement will be valid or effective unless in writing and signed by all the Parties.

26. The Consultant acknowledges and agrees that that the Consultant has had the opportunity to receive legal advice in connection with the execution of this Agreement and the Consultant has either received such legal advice as the Consultant deemed necessary or the Consultant has waived the right to such legal advice. In addition, the Consultant acknowledges that it has not received or relied on legal advice from Morton Law LLP in connection with this Agreement and the transactions contemplated herein.

27. Any notice required or permitted to be given under this Agreement will be delivered personally or electronically, or by courier to the address of the parties hereto set out on the first page hereof, and notice will be deemed given on the date of delivery if during business hours on a business day, and or, if not during business hours on a business day, upon the next business day.

28. This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the parties hereto hereby irrevocably attorn to the exclusive jurisdiction of the Courts of such Province.

29. This Agreement may be executed in any number of counterparts and exchanged electronically, each of which will be deemed to be an original, and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed as and from the day and year first above written.

**LION COPPER AND GOLD CORP.**

Per:

/s/ Travis Naugle

2/7/22

Authorized Signatory

Per:

/s/ Stephen Goodman

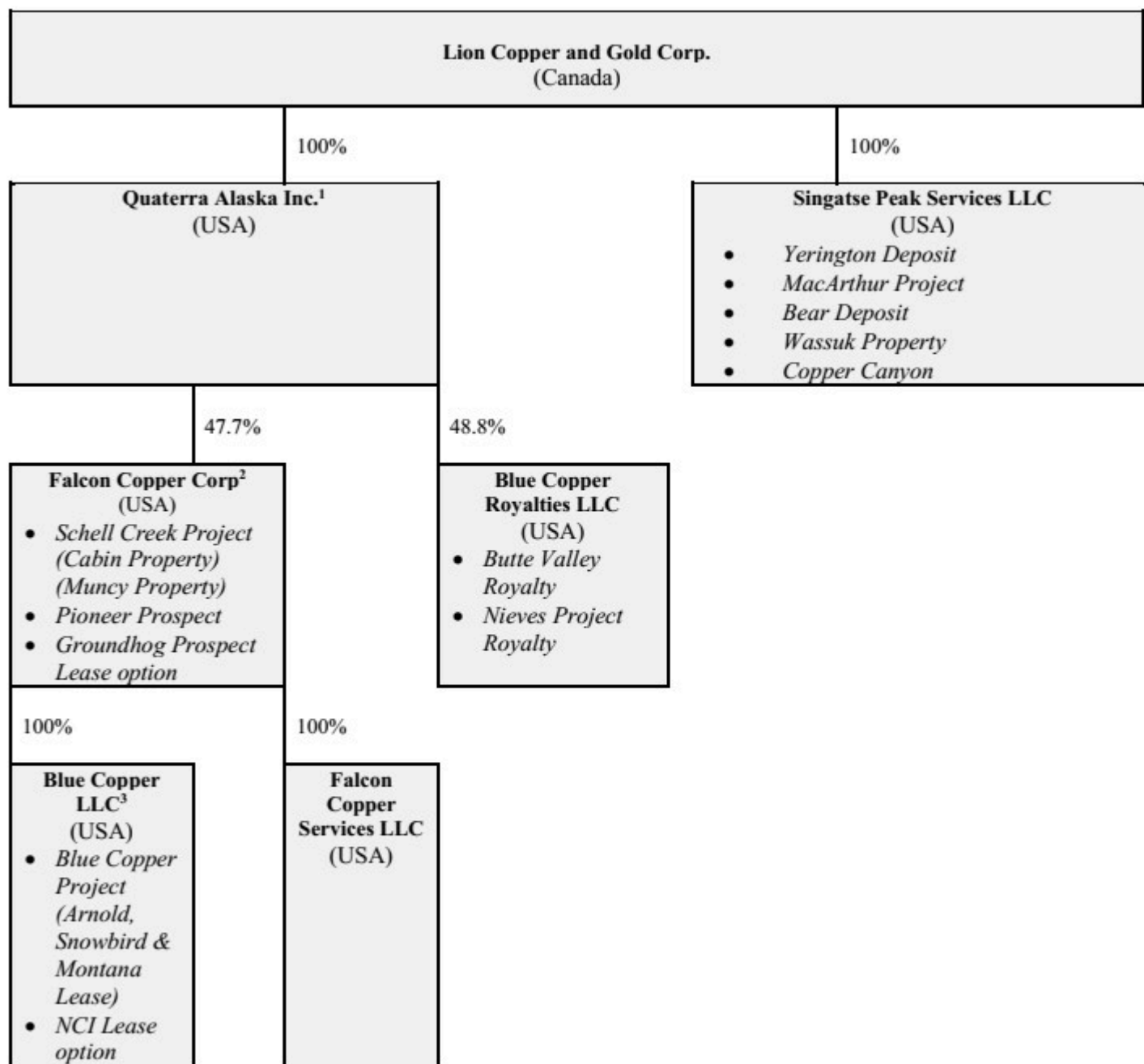
2/7/22

**STEPHEN GOODMAN**

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## Exhibit 21.1 List of Subsidiaries



Note 1: Quaterra Alaska, Inc. is 100% owned by Lion Copper and Gold Corp. On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley Property to Falcon Butte Minerals Corp (“**Falcon Butte**”), a private British Columbia company established to acquire mineral resource properties.

Note 2: On December 13, 2022, Quaterra Alaska Inc., assigned and transferred 100% of its outstanding interest in Blue Copper LLC, which holds the Groundhog property, the Butte Valley Royalty, and an interest in the Nieves project, to Blue Copper Resources Corp. As consideration, on the date of transfer of assets to Blue Copper Resources Corp, Quaterra Alaska was issued 57,513,764 common shares of Blue Copper Resources Corp which represented 79.3% of all issued and outstanding shares at December 13, 2022 and December 31, 2022. Blue Copper Resources Corp was renamed to Falcon Copper Corp on October 6, 2023.

- Note 3: On October 4, 2021, Blue Copper LLC was incorporated in the state of Montana, USA. Blue Copper LLC acquired and staked a district scale exploration and resource discovery opportunity (the “**Blue Copper Prospect**”, or “**Blue Copper Project**”), comprising more than 7,430 acres in Powell County and Lewis & Clark County in Montana, USA.
- Note 4: On March 30, 2022, Six Mile Mining Company, a 100% wholly owned subsidiary of the Company, was dissolved and its assets were transferred to Quaterra Alaska Inc. which is a 100% wholly owned subsidiary of the Company.
-



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-273892), of our auditor's report dated March 22, 2024, relating to the consolidated financial statements of Lion Copper and Gold Corp. and its subsidiaries as at December 31, 2023 and 2022 and for each of the years in the two-year period ended December 31, 2023, as included in the Annual Report on Form 10-K of Lion Copper and Gold Corp. for the year ended December 31, 2023, as filed with the United States Securities and Exchange Commission.

*MNP LLP*

**Chartered Professional Accountants**

Vancouver, Canada  
March 29, 2024

**MNP LLP**

Suite 2200 MNPTower, 1021 West Hastings Street, Vancouver B.C. V6E 0C3

1.877.688.8408 T: 604.685.8408 F: 604.685.8594



**MNP.ca**

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Exhibit 31.1

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**  
**OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**

I, Charles Travis Naugle, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Lion Copper and Gold Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

By: /s/ Charles Travis Naugle  
Charles Travis Naugle  
Principal Executive Officer

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Exhibit 31.2

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**  
**OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**

I, Stephen Goodman, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Lion Copper and Gold Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

By: /s/ Stephen Goodman  
Stephen Goodman  
Principal Financial Officer

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EXHIBIT 32.1

**CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350  
AND RULE 13a-14(b) OR RULE 15d-14(b)  
OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**

In connection with the Annual Report of Lion Copper and Gold Corp. (the "Company") on Form 10-K for the year ended December 31, 2023 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2024

/s/ Charles Travis Naugle  
Charles Travis Naugle  
Principal Executive Officer

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EXHIBIT 32.2

**CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350  
AND RULE 13a-14(b) OR RULE 15d-14(b)  
OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**

In connection with the Annual Report of Lion Copper and Gold Corp. (the "Company") on Form 10-K for the year ended December 31, 2023 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2024

/s/ Stephen Goodman  
Stephen Goodman  
Principal Financial Officer

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