



ATACAMA COPPER

Atacama Copper Corporation

**Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2023**

(Unaudited - Expressed in Canadian Dollars)



www.atacamacopper.ca

TSX.V: ACOP

Notice of Non-review of Condensed Interim Condensed interim consolidated financial statements

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors. However, they have not been reviewed by the Company's auditors.

Atacama Copper Corporation
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

As at:	Note(s)	March 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		\$ 301,069	\$ 816,249
GST Receivable		44,336	40,025
Prepaid Expenses		17,031	12,952
		<u>362,436</u>	<u>869,226</u>
Exploration and evaluation assets	5 & 6	8,775,244	8,775,244
Total assets		\$ 9,137,680	\$ 9,644,470
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	\$ 55,408	\$ 99,466
Total liabilities		55,408	99,466
SHAREHOLDERS' EQUITY			
Share capital	8	15,484,443	15,484,443
Reserves	8	407,591	363,279
Deficit		(6,809,762)	(6,302,718)
Total shareholders' equity		<u>9,082,272</u>	<u>9,545,004</u>
Total liabilities and shareholders' equity		\$ 9,137,680	\$ 9,644,470

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved on Behalf of the Board on May 24, 2023.

"Martyn Buttenshaw" Director

"Scott Hicks" Director

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

Atacama Copper Corporation
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

	Note(s)	Three months ended March 31, 2023	Three months ended March 31, 2022
Expenses			
Consulting fees		\$ 77,726	\$ 84,801
Exploration and evaluation expenditures	7	132,662	381,088
IVA expense		6,994	30,574
General and administrative expenses		15,683	7,855
Management and director fees	7	107,581	100,000
Professional fees	7	69,106	50,120
Regulatory and filing fees		6,445	6,733
Share-based compensation	7 & 8	44,312	50,114
Shareholder communications		20,715	76,416
Travel expense		25,965	7,319
		(507,189)	(795,020)
Foreign exchange		145	(12,773)
Loss and comprehensive loss for the year		\$ (507,044)	\$ (807,793)
Loss per common share, basic and diluted		\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted		34,373,156	34,373,156

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

Atacama Copper Corporation
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities:		
Loss for the period	\$ (507,044)	\$ (807,793)
Items not involving cash:		
Share-based compensation	44,312	50,114
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(44,058)	49,595
GST receivable	(4,311)	(2,798)
Prepaid expenses	(4,079)	(8,279)
Net cash used in operating activities	(515,180)	(719,161)
Change in cash during the period	(515,180)	(719,161)
Cash, beginning of period	816,249	2,898,566
Cash, end of period	\$ 301,069	\$ 2,179,405
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Fair value of shares issued on RTO	\$ -	\$ -
Fair value of shares issued for Cobalt Chile	\$ -	\$ -
Fair value of shares issued for Aconcagua Minerals	\$ -	\$ -
Fair value of finders' warrants issued	\$ -	\$ -

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

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

	Number of Shares	Share Capital	Reserve	Deficit	Total
Balance, December 31, 2021	34,373,156	\$ 15,484,443	\$ 143,370	\$ (4,061,466)	\$ 11,566,347
Share-based compensation	-	-	50,114	-	50,114
Loss for the period	-	-	-	(807,793)	(807,793)
Balance, March 31, 2022	34,373,156	\$ 15,484,443	\$ 193,484	\$ (4,869,259)	\$ 10,808,668
Balance, December 31, 2022	34,373,156	\$ 15,484,443	\$ 363,279	\$ (6,302,718)	\$ 9,545,004
Share-based compensation	-	-	44,312	-	44,312
Loss for the period	-	-	-	(507,044)	(507,044)
Balance, March 31, 2023	34,373,156	\$ 15,484,443	\$ 407,591	\$ (6,809,762)	\$ 9,082,272

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

Atacama Copper Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2023
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

During the three months ended March 31, 2023, the Company incurred a loss of \$507,044 and, as of March 31, 2023, the Company had an accumulated deficit of \$6,809,762. The Company may be required to delay discretionary expenditure if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing when required may result in the loss of some, or all, of the Company’s exploration and evaluation assets (Note 5 & 6). These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at March 31, 2023 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending December 31, 2023.

The condensed interim consolidated financial statements for the three months ended March 31, 2023 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 24, 2023.

Basis for measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value.

All dollar amounts presented are expressed in Canadian Dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Atacama Copper Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

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

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

b) Critical accounting judgements and estimates

The preparation of these interim financial statements requires the use of certain significant accounting estimates and judgments by management in applying the Company’s accounting policies. The areas involving significant judgments, estimates and assumptions have been set out in and are consistent with Note 2 of the Company’s annual audited consolidated financial statements for the year ended December 31, 2022.

4. AMALGAMATION

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

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

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

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

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

Atacama Copper Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. ACQUISITIONS

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

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

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

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

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

6. EXPLORATION AND EVALUATION ASSETS

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

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

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

	Aconcagua	Cobalt Chile	Total
Balance, December 31, 2021	\$ 4,156,394	4,618,850	8,775,244
Additions:			
Acquisition costs	-	-	-
Balance, December 31, 2022 and March 31, 2023	\$ 4,156,394	\$ 4,618,850	\$ 8,775,244

7. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors and corporate officers and/or companies controlled by those individuals. Key management compensation paid to officers and directors of the

Atacama Copper Corporation
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Company during the three months ended March 31, 2023 and 2021 is as follows:

	March 31, 2023		March 31, 2022	
Management and director fees	\$	107,581	\$	100,000
Share-based compensation		44,312		48,346
Total consideration received	\$	151,893	\$	148,346

Other related party transactions:

During the three months ended March 31, 2023, the Company incurred a total of \$25,500 (2022 - \$25,500 in professional fees from a company related to the CFO.

During the three months ended March 31, 2023, the Company incurred a total of \$15,850 (2022 - \$9,574) in exploration and evaluation expenses from a company controlled by a director and Senior VP Business Development.

Due to related parties:

As at March 31, 2023, the Company owed \$2,736 (2022 - \$9,631) to a director and Senior VP Business Development. The amount is included in accounts payable and accrued liabilities. The related party amounts owing are non-interest bearing, unsecured, and have no terms of repayment, but are payable on demand.

As at March 31, 2023, the Company had \$8,500 (2022 - \$8,500) in prepaid deposit held by the professional service company related to the CFO.

8. SHARE CAPITAL

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

As at March 31, 2023 the Company had 34,373,156 (2022 – 34,373,156) common shares issued and outstanding.

For the three months ended March 31, 2023

During the three months ended March 31, 2023, no shares were issued.

For the three months ended March 31, 2022

During the three months ended March 31, 2022, no shares were issued.

Stock Options

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

For the three months ended March 31, 2023

On March 10, 2023, the Company granted 380,000 5-year stock options to its directors. These stock options have an exercise price of \$0.185 each, and will vest in 3 equal instalments on March 10, 2023, 2024 and 2025. These stock options will expire March 10, 2028.

Atacama Copper Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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During the three months ended March 31, 2023, the Company recognized \$36,534 (2022 - \$34,996) in share-based compensation expense related to stock options vested.

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

	March 31, 2023	December 31, 2022
Risk-free interest rate	3.19%	2.88%
Expected dividend yield	Nil	Nil
Share price	\$0.19	\$0.20
Expected stock price volatility	100%	100%
Average expected option life	5 years	5 years
Fair value of options granted	\$0.14	\$0.12

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

Expiry Date	Number of options	Weighted Average Exercise Price
Balance, December 31, 2021	990,000	\$ 0.42
Granted	300,000	\$ 0.20
Forfeited	(50,000)	\$ 0.42
Balance, December 31, 2022	1,240,000	\$ 0.37
Granted	380,000	\$ 0.185
Balance, March 31, 2023	1,620,000	\$ 0.32

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

Expiry Date	Number of options outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life
December 22, 2026	940,000	\$ 0.42	3.73
August 15, 2027	300,000	\$ 0.20	4.38
March 11, 2028	380,000	\$0.185	4.95
	1,620,000	\$ 0.37	4.14

Restricted Share Units (RSUs)

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

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

For the three months ended March 31, 2023

On March 10, 2023, the Company granted 130,000 RSUs to its directors. These RSUs will vest in 3 equal instalments on March 10, 2024, 2025 and 2026.

During the three months ended March 31, 2023, the Company recognized \$7,778 (2022 - \$15,118) in share-based compensation expense related to RSUs.

Warrants

Atacama Copper Corporation
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2023
(Expressed in Canadian Dollars)

For the three months ended March 31, 2023

There were no warrants granted in the three months ended March 31, 2023

For the three months ended March 31, 2022

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

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2021	7,209,024	\$ 0.61
	-	-
Outstanding as at December 31, 2022 and March 31, 2023	7,209,024	\$ 0.61

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

Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
December 31, 2025	7,000,000	\$ 0.60	2.76
May 10, 2023	209,024	\$ 0.80	0.11
	7,209,024	\$ 0.61	2.68

9. FINANCIAL INSTRUMENTS

Fair value

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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

Financial risk factors

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

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had a working capital balance of \$307,028.

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Interest rate risk

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

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in Chilean Pesos. A 10% fluctuation between the Canadian dollar against the Chilean Peso would impact profit or loss by approximately \$5,580.

Price risk

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

10. CAPITAL MANAGEMENT

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

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

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

There were no changes in the Company's approach to capital management during the three months ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

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

12. SUBSEQUENT EVENTS

On May 5, 2023, the Company announced its intention to issue, by way of a non-brokered private placement, common shares of the Company at a purchase price of \$0.18 per common share for gross proceeds of up to \$300,000. The non-brokered private placement is scheduled to close later in May 2023, and the proceeds will be for general corporate purposes.