

For personal use only



marimaca
C O P P E R C O R P.

Marimaca Copper Corp.

Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023, and
For the Six Months Ended June 30, 2024 and 2023
(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2024, June 30, 2024, and December 31, 2023.

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	As at September 30, 2024	As at June 30, 2024	As at December 31, 2023
Assets			
Current assets			
Cash	\$ 28,314	\$ 12,646	\$ 16,692
Amounts receivable and prepaid expenses (Note 3)	2,584	7,253	6,974
	30,898	19,899	23,666
Non-current assets			
Amounts receivable (Note 3)	3,089	328	237
Property, plant and equipment	129	181	172
Exploration and evaluation assets (Note 4)	79,716	75,963	71,524
Total assets	\$ 113,832	\$ 96,371	\$ 95,599
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 854	\$ 1,464	\$ 1,076
Lease liabilities	65	82	85
	919	1,546	1,161
Non-current liabilities			
Lease liabilities	-	-	43
Total liabilities	919	1,546	1,204
Shareholders' equity (Note 5)			
Common shares	230,983	209,687	206,306
Contributed surplus	35,591	35,384	34,338
Accumulated other comprehensive income ("AOCI")	20	89	65
Deficit	(153,681)	(150,335)	(146,314)
Total equity	112,913	94,825	94,395
Total liabilities and equity	\$ 113,832	\$ 96,371	\$ 95,599
Nature of Operations and Liquidity Risk (Note 1)			
Subsequent Event (Note 9)			

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

For personal use only

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	Nine months ended September 30,		Six months ended June 30,	
	2024	2023	2024	2023
Expenses				
Exploration expenditures	\$ 528	\$ -	\$ 257	\$ -
Depreciation and amortization	123	30	78	6
Legal and filing fees	257	183	118	148
Other corporate costs	1,535	1,382	990	1,050
Salaries and management fees	1,521	1,704	1,207	1,240
Share-based compensation	2,061	1,821	1,770	1,570
Operating loss	(6,025)	(5,120)	(4,420)	(4,014)
Finance income	748	693	562	219
Change in fair value of derivative	-	(2)	-	(3)
Foreign exchange (loss) gain	81	197	(218)	19
Other non-operating income	165	-	55	-
Expected credit loss (Note 3)	(2,336)	-	-	-
Net loss	\$ (7,367)	\$ (4,232)	\$ (4,021)	\$ (3,779)
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	(45)	(323)	24	154
Comprehensive loss	\$ (7,412)	\$ (4,555)	\$ (3,997)	\$ (3,625)
Loss per share				
Basic and diluted loss per share	\$ (0.08)	\$ (0.05)	\$ (0.04)	\$ (0.04)
Weighted average number of shares outstanding (000's)				
Basic	96,757	89,616	93,399	88,230
Diluted	96,757	91,236	93,399	88,230

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

For personal use only

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Shareholders' Equity

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	Number of shares #000's	Amount	Contributed Surplus	AOCI	Deficit	Total
Balance - January 1, 2023	88,226	\$ 192,800	\$ 30,553	\$ 112	\$ (139,201)	\$ 84,264
Options exercised	-	32	(32)	-	-	-
Share-based compensation	-	-	1,572	-	-	1,572
Net loss	-	-	-	-	(3,779)	(3,779)
Other comprehensive income	-	-	-	154	-	154
Balance - June 30, 2023	88,226	192,832	32,093	266	(142,980)	82,211
Share issued	4,656	15,156	-	-	-	15,156
Warrants	-	(2,008)	2,008	-	-	-
Share-based compensation	-	-	250	-	-	250
Net loss	-	-	-	-	(453)	(453)
Other comprehensive income	-	-	-	(477)	-	(477)
Balance - September 30, 2023	92,882	\$ 205,980	\$ 34,351	\$ (211)	\$ (143,433)	\$ 96,687
Balance - January 1, 2024	93,174	\$ 206,306	\$ 34,338	\$ 65	\$ (146,314)	\$ 94,395
Shares issued under equity offering (Note 5 (b))	1,000	2,657	-	-	-	2,657
Options exercised	52	560	(560)	-	-	-
Restricted Stock Units redeemed	40	164	(164)	-	-	-
Share-based compensation	-	-	1,770	-	-	1,770
Net loss	-	-	-	-	(4,021)	(4,021)
Other comprehensive income	-	-	-	24	-	24
Balance - June 30, 2024	94,266	\$ 209,687	\$ 35,384	\$ 89	\$ (150,335)	\$ 94,825
Shares issued under Private Placement (Note 5 (c))	6,725	21,212	-	-	-	21,212
Warrants (Note 5 (e))	-	(162)	162	-	-	-
Options exercised	13	211	(211)	-	-	-
Restricted Stock Units redeemed	13	35	(35)	-	-	-
Share-based compensation	-	-	291	-	-	291
Net loss	-	-	-	-	(3,346)	(3,346)
Other comprehensive income	-	-	-	(69)	-	(69)
Balance - September 30, 2024	101,017	\$ 230,983	\$ 35,591	\$ 20	\$ (153,681)	\$ 112,913

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

For personal use only

Marimaca Copper Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

	Nine months ended September 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flows from operating activities				
Net loss from continuing operations	(7,367)	(4,232)	(4,021)	(3,779)
Items not affecting cash				
Depreciation and amortization	123	30	78	6
Unrealized foreign exchange	(81)	(261)	190	131
Change in fair value of derivative	-	2	-	3
Share-based compensation (Notes 5 (d))	2,061	1,820	1,770	1,570
	(5,264)	(2,641)	(1,983)	(2,069)
Change in non-cash operating working capital				
Decrease (Increase) in amounts receivable and prepaid expenses	1,539	(111)	(369)	(121)
(Decrease) Increase in accounts payable and accruals	(665)	125	155	568
Cash used in operating activities	\$ (4,390)	\$ (2,627)	\$ (2,197)	\$ (1,622)
Cash flows from financing activities				
Issuance of common shares under equity offering (Note 5 (b))	2,660	-	2,656	-
Issuance of common shares under Private Placement (Note 5 (c))	21,209	15,093	-	-
Lease payments	(63)	(36)	(47)	-
Cash provided (used) in financing activities	\$ 23,806	\$ 15,057	\$ 2,609	\$ -
Cash flows from investing activities				
Property, plant and equipment	(80)	-	(88)	(7)
Exploration and evaluation assets - option property payments	-	(2,000)	-	(1,440)
Exploration and evaluation assets - capitalized expenditures	(7,749)	(6,132)	(4,205)	(3,833)
Cash used in investing activities	\$ (7,829)	\$ (8,132)	\$ (4,293)	\$ (5,240)
Effect of exchange rate changes on cash	35	4	(165)	27
Increase in cash	11,622	4,302	(4,046)	(6,835)
Cash: beginning of the period	16,692	14,636	16,692	14,636
Cash: end of the period	\$ 28,314	\$ 18,938	\$ 12,646	\$ 7,801

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

For personal use only

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Note 1 - Nature of operations and liquidity risk

(a) Nature of operations

Marimaca Copper Corp. (“Marimaca Copper” or the “Company”) was incorporated under *the Business Corporations Act* (British Columbia). Marimaca Copper is an exploration and development company focused on base metal projects in Chile.

The Company’s principal asset is the Marimaca Copper Project (the “Marimaca Project”), located in the Antofagasta Region of northern Chile. The Marimaca Project comprises a set of concessions (the “1-23 Claims”), properties 100% owned and optioned by the Company, combined with the adjacent La Atómica and Atahualpa claims over which Marimaca Copper has the right to explore and exploit resources and this larger area is referred to as the “Marimaca District”.

The Company’s registered office is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, Canada.

(b) Liquidity risk

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue in operation for at least the next twelve months.

The Company is an exploration and development company that currently does not generate operational revenue from its assets. At September 30, 2024, the Company had working capital of \$30 million (December 31, 2023 – \$22.5 million), which management believes is sufficient to meet its property option payments, its obligations and to continue to fund operations for at least the next twelve months.

Beyond the next 12 months, the Company’s ability to continue as a going concern and to advance the Marimaca Project will be dependent upon its ability to obtain the necessary financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Note 2 - Basis of preparation and material accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements include the accounts of Marimaca Copper and its wholly-owned subsidiaries (its “subsidiaries”) (hereinafter together with Marimaca Copper, the “Company”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2023 (“2023 annual financial statements”), and were prepared using the same accounting policies. All amounts are expressed in thousands of U.S. dollars (\$), unless otherwise noted. References to C\$ are to Canadian dollars. .

These condensed interim consolidated financial statements have been prepared to comply with Australian Securities Exchange (“ASX”) requirements and were authorized for issuance by the Board of Directors on January 15, 2025.

The results of operations for the nine months ended September 30, 2024, and six Months Ended June 30, 2024, (“YTD 2024” and “H1 2024”, respectively) are not necessarily indicative of the results to be expected for the full year. Seasonality is not considered to have a significant impact over the condensed interim consolidated financial statements.

For personal use only

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

b) Significant judgements, estimates and assumptions

The preparation of condensed interim consolidated financial statements in accordance with IFRS Accounting Standards requires the Company to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. The areas of judgement and estimation are consistent with those reported in the annual consolidated financial statements for the year ended December 31, 2023, and the following discusses the most significant accounting judgements and estimates that the Company has made in the preparation of these condensed interim consolidated financial statements:

i) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; and sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of September 30, 2024 and June 30, 2024.

ii) Expected credit losses

Accounts receivables are recorded at fair value on initial recognition and amortised cost on subsequent remeasurement. The carrying amounts for accounts receivable are net of lifetime expected credit losses ("ECL"). Estimating the ECL allowance for receivables requires management to exercise judgment in selecting estimation techniques, choosing key inputs, and making significant assumptions about future economic conditions and customer credit behaviour, including the probability of customer defaults and potential losses.

Management uses historical data to calculate the ECL for accounts receivables. Adjustments are made based on current and future economic conditions and specific risks for individual debtors. Significant judgment is required for these adjustments. Additionally, large and aging receivable balances need careful assessment for impairment provisions at the reporting date.

iii) Share-based compensation

The Company applies the fair value method of accounting using the Black-Scholes model to determine the fair value of stock-options granted to employees, consultants and directors. The model includes significant assumptions as to the estimated life of the stock options, the forfeiture rate and the volatility of the stock. The Company uses historical data to estimate the expected future volatility of the stock, the estimated lives of the stock options and the forfeiture rate.

Stock options granted might include performance conditions related to the achievement of specified performance targets or a milestone and might pertain either to the performance of the Company as a whole or to some part of the enterprise, such as a subsidiary. The measurement of compensation costs for a stock-based award with a performance condition that will determine the number of options or shares to which all employees receiving the award will be entitled, is based on the best estimate of the outcome of the performance condition. The Company estimates forfeitures awards by individual employees and recognizes them as they occur. Management assesses all the factors and uses its judgment to calculate these estimates.

c) New Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have therefore not been summarised in these interim financial statements. The following have standard has not yet been adopted.

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB issued the IFRS 18, Presentation and Disclosure in Financial Statements, which is mandatory for accounting periods after January 1, 2027. The Company is currently assessing the impact of this new IFRS Accounting Standard on its financial statements and will update the Company's accounting policies as applicable.

For personal use only

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Note 3 - Sale of Minera Rayrock Ltda (“Rayrock”)

By means of an agreement dated March 18, 2022, the Company sold and transferred 100% of the equity interest of its wholly-owned indirect subsidiary Minera Rayrock Limitada (currently Minera Cobre Verde SpA “MCV”), owner of the Ivan plant, to non-related parties 5Q SpA (“5Q”) and Fondo de Inversiones Privado Neith (“FIP”), for an aggregate amount of \$10.3 million, to be paid according to the payment schedule agreed thereby (the “Purchase Price”). In December 2023, FIP transferred its stake in MCV to Cobres y Metales SpA (“CyM”). As a result thereof, 5Q and CyM remained liable before the Company for payment of the Purchase Price. As of the date hereof, the Company has received \$0.5 million as part of the Purchase Price.

On December 29, 2023, the Company, 5Q and CyM signed a Memorandum of Understanding (“MOU”) to amend the Purchase Price’s payment schedule, and agreed to a single payment of \$7.0 million, subject to actual payment of such amount in full no later than June 30, 2024. On July 23, 2024, the MOU was amended in order to provide for a new payment schedule and provide the Company with further collaterals to secure payment of the Purchase Price.

Payment of the Purchase Price is secured by a pledge over MCV’s shares, a pledge over the Ivan plant, an encumbrance over MCV’s mining tenements located in the Antofagasta region of Chile, and by a joint and several surety guarantee granted by MCV. As of September 30, 2024, valuation of the underlying assets provided by a third party exceeds the value of the account receivable.

5Q failed to meet payment of the first installment of the amended payment calendar, and therefore, on September 10, 2024, the Company submitted a petition for liquidation of MCV, in order to commence a liquidation process. On 4 November 2024, MCV opposed the bankruptcy proceeding through an objection based on a lack of jurisdiction, which was rejected by the Court. MCV filed an appeal against this ruling, which was dismissed by the Court of Appeals of Santiago. An Evidentiary Hearing is scheduled for January 27, 2025. The Company is the majority creditor in the liquidation process. As a result of these events the Company assessed the recoverability of the account receivable in the context of the liquidation process, and concluded that an impairment of \$2.3 million as of September 30, 2024 was required. As of September 30, 2024, the Company has a net receivable of \$4.7 million (\$6.6 million as of December 31, 2023). Management estimated the recoverable amount of the account receivable using probability weighted scenarios which incorporated expectations of the liquidation process as well as the valuation of the underlying assets subject to liquidation, the associated costs and the ultimate recoverable amounts.

Note 4 - Exploration and evaluation assets

	Marimaca Project	Marimaca District	Other	Total
<i>(In thousands of US dollars)</i>				
January 1, 2023	\$ 58,202	\$ 2,206	\$ 994	\$ 61,402
Exploration and evaluation costs	7,655	467	-	8,122
Property acquisition costs	2,000	-	-	2,000
December 31, 2023	\$ 67,857	\$ 2,673	\$ 994	\$ 71,524
Exploration and evaluation costs	3,769	670	-	4,439
June 30, 2024	\$ 71,626	\$ 3,343	\$ 994	\$ 75,963
Exploration and evaluation costs	3,189	564	-	3,753
September 30, 2024	\$ 74,815	\$ 3,907	\$ 994	\$ 79,716

The Company owns all the concessions that make up the Marimaca Project and any historical option agreements relating to concessions have been exercised.

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Note 5 – Shareholders' equity

a) Share capital

Authorized

The Company authorized capital includes an unlimited number of common shares (101,017,086 common shares issued and outstanding as at September 30, 2024, and 94,266,369 common shares issued and outstanding as at June 30, 2024) having no par value.

b) Equity offering

On May 22, 2024, the Company established an at-the-market equity program ("ATM program") that allowed Marimaca to issue up to C\$20 million of common shares from treasury, at the Company's sole discretion and in accordance with the terms and conditions of the Distribution Agreement entered into with Canaccord Genuity. Any common shares sold under the ATM program will be sold through the TSX. The volume and timing of distributions under the ATM Program, if any, will be determined in the Company's sole discretion. Distributions of Marimaca's shares under the ATM Program will be made pursuant to the terms and conditions of the Distribution Agreement.

During the nine months ended September 30, 2024, and the six months ended June 30, 2024, the Company issued 1,000,000 common shares under the ATM program (YTD 2023 — nil shares) at a price of C\$3.95 per common share, for gross proceeds of C\$4 million (\$2.9 million) and net proceeds of C\$3.8 million (\$2.7 million).

c) Private Placement

On August 7, 2024, the Company completed a non-brokered private placement with Assore International Holdings Limited ("AIH") (the "AIH Private Placement") via a non-brokered private placement (the "AIH Investment"), which it issued 5,725,000 units ("Units") at a price of C\$4.50 per Unit for gross proceeds of C\$25.8 million (\$18.7 million). Each Unit comprised one common share of the Company (a "Common Share") and one half of one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitled the holder to purchase one additional Common Share at an exercise price of C\$5.85 for a period of 18 months following the closing. Following the completion of the AIH Investment, AIH now owns approximately 15% of Marimaca's issued and outstanding common shares on a non-diluted basis. The functional currency of Marimaca Copper Corp. is the Canadian dollar.

In addition to the AIH Private Placement, another investor subscribed for 1,000,000 Units by way of private placement at a price of C\$4.50 per common share (the "Additional Private Placement") (together with the AIH Private Placement the "Private Placements"), for gross proceeds of C\$4.5 million (\$3.3 million). Each Unit consists of one common share of the Company and one half of one common share purchase warrant (each whole Common Share purchase warrant a "Warrant"), following the conditions described in the previous paragraph.

d) Stock options and RSU

During the nine months ended September 30, 2024, no stock options were granted by the Company (YTD 2023 and H1 2023 – 0.5 million stock options, respectively). The stock options granted in 2023 have a weighted average exercise price of C\$4.00 per stock option and a weighted average life of 5 years. The fair value of the stock options granted in 2023 was estimated to be C\$0.8 million in aggregate.

Stock options granted in 2023 were valued using the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted: risk-free rate – 3.29%; volatility – 56%; expected life – 5 years and dividend yield – 0%.

During the nine months ended September 30, 2024, and the six months ended June 30, 2024, the Company awarded to management and directors with 0.9 million RSUs (YTD 2023 – nil million) and 0.9 million RSUs (H1 2023 – 0.3 million), respectively. The fair value of the RSUs, which is determined with reference to the trading price of the Company's common shares immediately preceding the date of issuance, was determined to be C\$3.2 million in 2024 (2023 – C\$1.2 million).

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

For the nine months ended September 30, 2024, and the six months ended June 30, 2024, the Company recorded \$2.1 million and \$1.8 million in share-based compensation, respectively (\$1.8 million and \$1.6 million for the nine months ended September 30, 2023, and the six months ended June 30, 2023, respectively), associated with the vesting of granted stock options and RSUs.

On December 30, 2024, the Company awarded 1.3 million RSUs to certain management and directors. The total value of the RSUs granted on such date, which is determined by the trading price of the Company's common shares immediately preceding the date of issuance, is \$3.5 million (C\$5.1 million).

e) Warrants

In July 2023, the Company issued 4.6 million Warrants in connection with the completion of the non-brokered private placement with Mitsubishi Corporation ("Mitsubishi"), in which it issued 4,640,371 units ("Units") at a price of C\$4.31 per unit. Each unit comprised one common share of the Company (a "Common Share") and one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitled the holder to purchase one additional Common Share at an exercise price of C\$5.60 for a period of 24 months following the closing.

In August 2024, the Company issued 3.4 million Warrants in connection with the completion of the non-brokered private placement with AIH Private Placement and the Additional Private Placement, in which it issued 6,725,000 units ("Units") at a price of C\$4.50 per unit. Each unit comprised one half of one common share of the Company (a "Common Share") and one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitled the holder to purchase one additional Common Share at an exercise price of C\$5.85 for a period of 18 months following the closing.

Note 6 - Related party transactions

Key management personnel

The Company considers directors and officers to be key management personnel. Compensation was as follows:

<i>(In thousands of US dollars)</i>	Nine months ended September 30,		Six months ended June 30,	
	2024	2023	2024	2023
Short-term benefits ⁽¹⁾	\$ 1,760	\$ 1,668	\$ 1,331	\$ 1,168
Share-based payments ⁽²⁾	1,395	1,401	1,184	1,240
Total	\$ 3,155	\$ 3,069	\$ 2,515	\$ 2,408

⁽¹⁾ Includes salary, benefits and short-term accrued incentives/other bonuses earned in the period.

⁽²⁾ Represents the expense of stock options and restricted share units during the period.

Note 7 - Segmented information

The chief operating decision-maker organizes and manages the business under one operating segment. The table below shows the geographical location of various assets and liabilities held by the Company as at September 30, 2024 and June 30, 2024, and the net loss associated with each location for the Nine Months Ended September 30, 2024 and six month ended June 30, 2024.

<i>(In thousands of US dollars)</i>	Chile	Canada	Total
September 30, 2024			
Current assets	4,671	26,227	\$ 30,898
Non-current assets	82,913	21	82,934
Total assets	87,584	26,248	113,832
Current liabilities	720	199	919
Non-current liabilities	-	-	-
Total liabilities	720	199	919
Net loss	(3,116)	(4,251)	(7,367)

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

June 30, 2024			
Current assets	13,973	5,926	\$ 19,899
Non-current assets	76,451	21	76,472
Total assets	90,424	5,947	96,371
Current liabilities	1,297	249	1,546
Non-current liabilities	-	-	-
Total liabilities	1,297	249	1,546
Net loss	(502)	(3,519)	(4,021)

Note 8 - Financial instruments

As at September 30, 2024 and June 30, 2024, the Company's carrying values of cash and cash equivalents, amounts receivable net of estimated ECL allowances, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Credit risk

Credit risk is a risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations as agreed. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company deposits its cash with high credit quality financial institutions as determined by rating agencies.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates in the market. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; foreign exchange gains and losses in these situations impact earnings.

The Company's significant subsidiaries are located in Chile and although their functional currency is the U.S. dollar, they are subject to currency risk because they maintain certain cash, amounts receivable and accounts payables and accrued liabilities in Chilean pesos. The parent company is in Canada and its functional currency is the Canadian dollar and also maintains cash and accounts payables and accrued liabilities in Canadian and U.S. dollars.

Total currency exposure from foreign currencies is equivalent to \$4.7 million as at September 30, 2024, and \$5.6 million as at June 30, 2024, (\$0.5 million as of December 31, 2023). Based on the net exposures as of September 30, 2024, and assuming that all other variables remain constant, a change of 10% in the Canadian dollar and/or Chilean peso against the US dollar would result in a change in the Company's net loss of approximately \$0.4 million (\$0.5 million as of June 30, 2024), respectively. The Company manages and monitors the currency risk on a regular basis.

As at September 30, 2024, the Company held its cash as follows: 81.1% in U.S. dollars (44.5% as of June 30, 2024), 11% in Canadian dollars (0.8% as of June 30, 2024) and 7.9% in Chilean pesos (54.8% as of June 30, 2024), with 92% of cash held in Canadian banks (45% as of June 30, 2024) and 8% held in Chilean banks (55% as of June 30, 2024).

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Cash and accounts receivables are the only financial instruments the Company holds that are impacted by interest. There is limited interest rate risk associated with the Company's cash balance and the accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances and/or loans as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs.

Marimaca Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, and six months ended June 30, 2024 and 2023

(Unaudited, expressed in thousands of U.S. dollars, except where indicated)

Note 9 - Subsequent Event

Acquisition of Pampa Medina

On October 8, 2024, the Company announced the signing of a binding option agreement (the “Option”) to acquire the Pampa Medina project (“Pampa Medina”) from Sociedad Contractual Minera Elenita (“SCM Elenita”). Under the terms of the Option, Marimaca Copper has the option to pay the following installments over a 5-year option term to acquire 100% of Pampa Medina.

- \$0.2 million on signing (paid);
- \$0.4 million on or before the first anniversary of signing;
- \$0.5 million on or before the second anniversary of signing;
- \$1.5 million on or before the third anniversary of signing;
- \$2.5 million on or before the fourth anniversary of signing;
- \$7.0 million on or before the fifth anniversary of signing.

Marimaca may withdraw from the Agreement at any time, before completing all the installments agreed under the Option. Under the terms of the Option, the Company has the right to perform exploration activities on the property.

Following the acquisition of Pampa Medina, SCM Elenita will retain a 1.5% net smelter royalty (“NSR”) on the Pampa Medina property. Marimaca will have a right to buy back 1.0% of the NSR for \$2 million, exercisable within a term of 24 months from the start of commercial production.

Acquisition of the Madrugador Project

On December 17, 2024, the Company announced the signing of a binding option agreement (the “Agreement”) to acquire the Madrugador project (“Madrugador”) from Sociedad Legal Minera Juanita Uno del Mineral El Desesperado and Sociedad Legal Minera Madrugador Uno del Mineral de Sierra Valenzuela. Under the terms of the Agreement, Marimaca Copper has the option to pay the following installments over a 5-year option term to acquire 100% of Madrugador.

- \$0.2 million on signing (paid);
- \$0.3 million on or before the first anniversary of signing;
- \$0.4 million on or before the second anniversary of signing;
- \$1.2 million on or before the third anniversary of signing;
- \$3.0 million on or before the fourth anniversary of signing;
- \$7.0 million on or before the fifth anniversary of signing.

The Company may withdraw from the Agreement at any time, before completing all the installments agreed under the Agreement. Under the terms of the option, the Company has the right to perform exploration activities on the property.

Following the acquisition of Madrugador, the sellers will retain a 1.5% royalty on Madrugador’s net gross sales. The Company will have a right to buy back 1.0% of the royalty for \$1.5 million, at any time and a right of first refusal on any sale of the royalty to a third party.

For personal use only