Denarius Metals Corp.

Interim Condensed Consolidated Financial Statements
(Unaudited)

For the three and nine months ended September 30, 2024

Denarius Metals Corp.

Interim Condensed Consolidated Statements of Financial Position

(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	September 30, 2024	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents		$ 2,796	$ 7,628
Cash in trust	6	980	1,915
Other receivables		317	696
Prepaid expenses and deposits		356	340
		4,449	10,579
Non-current			
Deferred acquisition costs	4e	-	762
Mineral property, plant and equipment	3	17,222	8,462
Exploration and evaluation assets	4	50,568	45,581
Investment in joint venture	5	25,105	24,059
Total assets		$ 97,344	$ 89,443
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	8	$ 4,412	$ 1,276
Current portion of lease obligations	9	143	250
Convertible Debentures	6	32,373	22,653
Amount payable by EMI to Europa	4f	4,479	4,425
Current portion of NSR liability	7	375	-
Amount payable related to acquisition of joint venture investment	5	16,362	21,708
		58,144	50,312
Non-current			
Accounts payable and accrued liabilities	8	602	-
NSR liability	7	4,760	-
Lease obligations	9	30	120
Other liabilities		312	330
Total liabilities		63,848	50,762
Equity			
Share capital	10b	109,585	103,233
Share purchase warrants	10c	11,943	11,022
Contributed surplus	10d	4,759	4,408
Accumulated other comprehensive loss		(3,627)	(2,872)
Deficit		(91,864)	(79,425)
Total equity attributable to shareholders		30,796	36,366
Non-controlling interest	4f	2,700	2,315
Total equity		33,496	38,681
Total liabilities and shareholders' equity		$ 97,344	$ 89,443

Basis of presentation and going concern **(Note 2)**

Subsequent events **(Notes 4f, 10b, 10c, 16)**

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Metals Corp.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Expenses					
General and administrative expenses	14	$ 991	$ 791	$ 3,143	$ 2,572
Finder's fee and other costs associated with acquisition of joint venture investment	5	63	-	835	-
Share-based compensation	10d	26	209	275	305
Loss before the following		(1,080)	(1,000)	(4,253)	(2,877)
Other income (expense)					
Finance costs	13	(1,823)	(6)	(5,524)	(14)
Finance income		12	51	149	120
Foreign exchange (loss) gain		331	(10)	395	(70)
Gains on modification of amount payable related to acquisition of joint venture investment	5	-	-	278	-
Equity share of (loss) income in joint venture		(26)	-	66	-
Loss on financial instruments	6	(6,880)	-	(3,165)	(287)
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations	4c	-	-	-	(1,917)
Net loss		**(9,466)**	**(965)**	**(12,054)**	**(5,045)**
Attributed to:					
Shareholders of the Company		(9,597)	(965)	(12,071)	(5,045)
Non-controlling interest		131	-	17	-
		(9,466)	(965)	(12,054)	(5,045)
Other comprehensive loss:					
Items that will not be reclassified to profit in subsequent periods:					
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)		(21)	-	(185)	-
Items that may be reclassified to profit in subsequent periods:					
Foreign currency translation adjustment (nil tax effect)		1,255	(1,172)	(570)	1,936
Comprehensive loss		**$ (8,232)**	**$ (2,137)**	**$ (12,809)**	**$ (3,109)**
Basic and diluted loss per share		**$ (0.14)**	**$ (0.02)**	**$ (0.18)**	**$ (0.10)**
Weighted average number of common shares outstanding		70,527,028	62,960,187	66,116,287	50,086,232

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Metals Corp.

Interim Condensed Consolidated Statements of Equity

(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Nine months ended September 30, 2024	2023
Share capital			
Balance, beginning of period		$ 103,233	$ 94,903
Shares issued on conversion of Convertible Debentures due 2028	6a	1,948	-
Shares issued in Rights Offering		-	3,783
Share issue costs related to the Rights Offering		-	(76)
Shares issued in the Private Placements	10b	2,785	3,619
Share issue costs related to the Private Placements		(34)	(193)
Issuance of common shares in acquisition of Phosphates Project	4d	-	1,082
Toral transaction costs settled in shares		-	115
Exercise of warrants	10c	1,653	-
Balance, end of period		109,585	103,233
Share purchase warrants			
Balance, beginning of period		11,022	6,623
Convertible Debenture Warrants issued	6b, 10c	1,274	-
Convertible Debenture Warrants issue costs	6b	(41)	-
Exercise of warrants	10c	(312)	-
Rights Offering Warrants issued		-	2,612
Rights Offering Warrants issue costs		-	(54)
2023 Private Placement Warrants issued		-	1,944
2023 Private Placement Warrants issue costs		-	(103)
Balance, end of period		11,943	11,022
Contributed surplus			
Balance, beginning of period		4,408	3,903
Toral transaction costs settled in shares		-	(115)
Share-based compensation	10d	351	140
Balance, end of period		4,759	4,186
Accumulated other comprehensive loss			
Balance, beginning of period		(2,872)	(6,493)
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)	6a, 6b	(185)	-
Foreign currency translation adjustment		(570)	1,936
Balance, end of period		(3,627)	(4,557)
Deficit			
Balance, beginning of period		(79,425)	(62,244)
Net loss attributable to shareholders of the Company		(12,071)	(5,045)
Contributions to non-controlling interest in EMI	4f	(368)	(2,157)
Balance, end of period		(91,864)	(69,446)
Non-Controlling Interest			
Balance, end of period		2,315	41
Changes related to amount payable by EMI to Europa	4f	368	2,157
Net loss attributable to non-controlling interest	4f	17	-
Balance, end of period		2,700	2,198
Total equity		**$ 33,496**	**$ 46,636**

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Metals Corp.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Nine months ended September 30, 2024	2023
Operating Activities			
Net loss		$ (12,054)	$ (5,045)
Adjusted for the following items:			
Share-based compensation	10d	275	305
Amortization	3	239	155
Equity share of income in joint venture	5	(66)	-
Finance costs	13	5,524	14
Gains on modification of amount payable related to acquisition of joint venture investment	5	(278)	-
Loss on financial instruments	6	3,165	287
Foreign exchange (gain) loss		(395)	70
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations		-	1,917
Changes in non-cash working capital items:			
Other receivables		380	257
Prepaid expenses and deposits		(20)	577
Accounts payable and accrued liabilities		20	(294)
Due to related party		-	(53)
Net cash used in operating activities		(3,210)	(1,810)
Investing Activities			
Additions to mineral property, plant and equipment	3	(7,123)	(2,837)
Additions to exploration and evaluation assets	4	(2,421)	(8,743)
Payments related to acquisition of joint venture investment	5	(8,129)	-
Capital contributions to joint venture	5	(750)	-
Payments related to acquisition of CRI assets	4e	(77)	-
Transaction costs incurred in acquisition of Phosphates Project	4d	-	(34)
Proceeds from the termination of Guia Antigua agreement	4c	-	2,246
Deferred acquisition costs	4e	(66)	(80)
Net cash used in investing activities		(18,566)	(9,448)
Financing Activity			
Proceeds from sale of NSR	7	5,000	-
NSR transaction costs	7	(265)	-
Proceeds from issuance of Convertible Debenture Units	6b	10,094	-
Convertible Debenture Units issue costs	6b	(344)	-
Net decrease in cash in trust for interest on Convertible Debentures		493	-
Interest paid		(1,734)	-
Proceeds from Rights Offering		-	6,108
Rights Offering issue costs		-	(130)
Proceeds from the Private Placements	10b	2,785	5,563
Private Placements issue costs		(34)	(296)
Decrease in amount payable by EMI to Europa		-	(104)
(Decrease) increase in other liabilities		(23)	149
Payment of lease obligations	9	(208)	(125)
Exercise of warrants	10c	1,341	-
Net cash provided by financing activities		17,105	11,165
Impact of foreign exchange rate changes on cash and cash equivalents		(161)	178
(Decrease) increase in cash and cash equivalents		**(4,832)**	**85**
Cash and cash equivalents, beginning of period		7,628	1,394
Cash and cash equivalents, end of period		**$ 2,796**	**$ 1,479**

See accompanying notes to the interim condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Denarius Metals Corp. (the "Company") is a company incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located in Toronto, Canada. The Company and its wholly-owned subsidiaries are engaged in the acquisition, exploration, development and operation of mineral properties, primarily in Spain and Colombia. The Company graduated its listing from the TSX Venture Exchange ("TSXV") to Cboe Canada on March 27, 2024. On April 3, 2024, the Company changed its symbol on Cboe Canada from "DSLV" to "DMET". The Company also trades on the OTCQX Market in the United States under the symbol "DNRSF".

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2023, except as disclosed herein.

The interim financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2023. These interim financial statements were approved by the Audit Committee of the Company for issue on November 14, 2024.

The interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in U.S. dollars, rounded to the nearest thousand except when otherwise indicated.

The interim financial statements have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due in the foreseeable future.

The Company currently has no production and has no source of revenue. Further, during the period ended September 30, 2024, the Company reported a net loss of $12.1 million and net cash used in operating activities of $3.2 million. As at September 30, 2024, the Company has cash and cash equivalents of $2.8 million and a working capital deficiency of $53.7 million. The working capital deficiency includes $32.4 million for the Convertible Debentures which are not repayable in cash within the next 12 months and $4.5 million for the amount payable from EMI to Europa that was assigned to the Company subsequent to September 30, 2024 in conjunction with the Company's acquisition of a 100% equity interest in EMI (Note 4f). The Company will require additional sources of capital to fund ongoing operational requirements, planned exploration, development and capital expenditures related to its mineral property and E&E assets, and the amount payable related to the acquisition of the joint venture investment (Note 5). To continue as a going concern, the Company must generate sufficient operating cash flow to fund these requirements or secure new funding. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits, stability or increases in future commodity prices, and the success of future operations or dispositions of the mineral properties.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Consolidation

These financial statements comprise the financial results of the Company including its subsidiaries. Details regarding the Company and its principal subsidiaries, all of which have a December 31 year end, are summarized in the following table:

Entity	Property/ function	Registered	Functional currency[1]	Interest as at September 30, 2024	Interest as at December 31, 2023
Denarius Metals Corp.	Corporate	Canada	CA	-	-
Alto Minerals S.L.U. ("Alto")	Lomero Project	Spain	EUR	100%	100%
Europa Metals Iberia S.L. ("EMI")	Toral Project	Spain	EUR	0% [2]	0%
Zancudo Metals Sucursal Colombia ("Zancudo")	Zancudo Project	Colombia	COP	100%	100%
Emerene Corporation S.A. ("Emerene")	Phosphates Project	Colombia	COP	100%	100%

(1) "CA= Canadian dollar", "USD" = U.S. dollar; "COP" = Colombian peso, "EUR" = Euro, "AUD" = Australian dollar
(2) Subsequent to September 30, 2024, the acquired 100% of EMI on November 12, 2024 (Note 4f).

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

The consolidated financial statements also include the Company's 50% equity interest in a joint venture, Rio Narcea Recursos, S.A. ("RNR"), as outlined in Note 5. The investment in the joint venture is accounted for using the equity method.

New and amended accounting policies implemented effective January 1, 2024

IAS 1 – Presentation of Financial Statements and IFRS 2 Practice Statement 2

Effective January 1, 2024, the Company adopted the IASB's amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The adoption of these amendments did not have an impact on the Company's interim financial statements.

3. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
Nine months ended September 30, 2024						
Opening net book value	$ 2,740	$ 4,307	$ 949	$ 110	$ 356	$ 8,462
Acquisitions (Note 4e)	-	-	291	-	-	291
Additions	3,479	6,147	36	-	1	9,663
Capitalized interest	32	-	-	-	-	32
Share-based compensation	37	-	-	-	-	37
Depreciation and amortization	-	-	(48)	(7)	(184)	(239)
Exchange difference	(367)	(595)	(50)	(1)	(11)	(1,024)
Closing net book value	$ 5,921	$ 9,859	$ 1,178	$ 102	$ 162	$ 17,222
As at September 30, 2024						
Cost	$ 5,921	$ 9,859	$ 1,300	$ 130	$ 693	$ 17,903
Accumulated depreciation and amortization	-	-	(122)	(28)	(531)	(681)
Net book value	$ 5,921	$ 9,859	$ 1,178	$ 102	$ 162	$ 17,222

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
Year ended December 31, 2023						
Opening net book value	$ -	$ -	$ 229	$ 111	$ 223	$ 563
Acquisitions (Note 4d)	-	-	48	-	-	48
Additions	-	3,906	573	7	317	4,803
Transfer from E&E assets (Note 4)	2,740	-	-	-	-	2,740
Depreciation and amortization	-	-	(43)	(11)	(194)	(248)
Exchange difference	-	401	142	3	10	556
Closing net book value	$ 2,740	$ 4,307	$ 949	$ 110	$ 356	$ 8,462
As at December 31, 2023						
Cost	$ 2,740	$ 4,307	$ 1,023	$ 130	$ 716	$ 8,916
Accumulated depreciation and amortization	-	-	(74)	(20)	(360)	(454)
Net book value	$ 2,740	$ 4,307	$ 949	$ 110	$ 356	$ 8,462

A summary of the net book value is as follows:

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
As at September 30, 2024						
Zancudo Project	$ 5,921	$ 9,859	$ 644	$ -	$ -	$ 16,424
Phosphates Project	-	-	48	-	-	48
Lomero Project	-	-	486	102	115	703
Corporate	-	-	-	-	47	47
Net book value	$ 5,921	$ 9,859	$ 1,178	$ 102	$ 162	$ 17,222
As at December 31, 2023						
Zancudo Project	$ 2,740	$ 4,307	$ 681	$ -	$ 23	$ 7,751
Phosphates Project	-	-	52	-	-	52
Lomero Project	-	-	216	110	245	571
Corporate	-	-	-	-	88	88
Net book value	$ 2,740	$ 4,307	$ 949	$ 110	$ 356	$ 8,462

As at September 30, 2024, accounts payable and accrued liabilities (Note 8) includes $2.5 million related to expenditures on mineral property, plant and equipment (December 31, 2023 - $0.1 million).

4. EXPLORATION AND EVALUATION ASSETS

	Zancudo	Guia Antigua	Phosphates	Lomero	Toral	Total
Nine months ended September 30, 2024						
Opening net book value	$ -	$ -	$ 1,200	$ 37,261	$ 7,120	$ 45,581
Acquisition (Note 4e)	-	-	-	2,439	-	2,439
Additions	-	-	-	1,543	546	2,089
Share-based compensation	-	-	-	39	-	39
Exchange difference	-	-	(98)	448	70	420
Closing net book value	$ -	$ -	$ 1,102	$ 41,730	$ 7,736	$ 50,568

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

	Zancudo	Guia Antigua	Phosphates	Lomero	Toral	Total
Year ended December 31, 2023						
Opening net book value	$ 151	$ 2,223	$ -	$ 32,105	$ 4,400	$ 38,879
Acquisition (Note 6d)	-	-	1,094	-	-	1,094
Additions	2,229	-	-	4,003	2,552	8,784
Share-based compensation	74	-	-	76	-	150
Dispositions (Note 4c)	-	(2,246)	-	-	-	(2,246)
Transfer to plant and equipment (Note 4)	(2,740)	-	-	-	-	(2,740)
Exchange difference	286	23	106	1,077	168	1,660
Closing net book value	$ -	$ -	$ 1,200	$ 37,261	$ 7,120	$ 45,581

a) As at September 30, 2024, accounts payable and accrued liabilities (Note 8) includes $0.4 million related to expenditures on E&E assets (December 31, 2023 - $0.6 million).

b) *Zancudo Project*

The Company owns a 100% interest in the Zancudo Project located in the municipality of Titiribi, in the mining district of Antioquia, Colombia. The Zancudo Project is subject to a total of 4% net smelter royalty ("NSR") on future production from the project, payable in cash, including a 3% NSR sold on March 27, 2024 to arm's length third parties for which the Company received cash proceeds totaling $5.0 million (Note 7).

c) Guia Antigua Project

The Company owned the right for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project which is located northeast of Medellin within the Segovia mining title owned by Aris Mining Corporation ("Aris Mining") in the Department of Antioquia, Colombia. On February 22, 2023, the Company entered into a Letter of Agreement with Aris Mining, a related party (Note 12), to terminate the license agreement associated with the Guia Antigua Project. In exchange, on February 27, 2023, Aris Mining paid COP10,692,000,000 (equivalent to approximately $2.2 million) to the Company. The termination of the license agreement resulted in a $1.9 million non-cash loss driven by the recognition of a foreign currency related cumulative translation adjustment.

d) Phosphates Project, Colombia

On July 5, 2023, the Company acquired 100% of the issued and outstanding shares of Emerene Corporation S.A. ("Emerene"), a Panamanian company which owns several phosphorite mining rights in Boyacá, Colombia (the "Phosphates Project"). The Company issued a total of 2,700,000 common shares as consideration to an arm's length third party, equivalent to approximately $1.1 million, and paid transaction costs of $34,000 in cash associated with the acquisition of Emerene.

e) Lomero Project

The Company owns a 100% interest in the Lomero Project, also identified as Rubia, covering the areas occupied by the former Lomero-Poyatos Concessions and the mine within them in southern Spain. The Lomero Project is subject to a 2% NSR on future production from the project, payable in cash to third parties.

In August 2021, the Company, through Alto, entered into an agreement with the creditors of Corporation de Recursos Iberia SL ("CRI") pursuant to which it agreed to acquire all the assets of CRI related to the Lomero Project, including, but not limited to, physical assets, lands, warehouse and exploration assets, in exchange for making payments to the creditors of CRI. CRI was involved in a bankruptcy process in Spain and, on May 23, 2024 (the "Acquisition Date"), the Commercial Court nº 12 of Madrid approved the Company's agreement with the creditors of CRI. In aggregate, the Company agreed to pay a total of EUR 1.9 million (equivalent to approximately $2.1 million) to the creditors of CRI, including EUR 1.3 million (equivalent to $1.4 million) that will be paid in five instalments over a four-year period. Cash in trust of approximately $0.4 million was used in June 2024 to fund certain payments to the creditors of CRI. In connection with the acquisition, the Company had historically incurred $0.8 million of costs that were considered deferred acquisition costs until the completion of the transaction and incurred an additional $0.4 million of transaction costs during the nine months ended September 30, 2024.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The acquisition of the CRI assets was accounted for as an asset acquisition, with the acquisition costs paid allocated primarily to the E&E assets related to the Lomero Project. The transaction costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount.

The total consideration payable and the allocation, based on estimated fair values, to the assets acquired is summarized in the following table:

Consideration paid or payable	
Due within one year, including amounts settled by cash in trust	$ 1,218
Due beyond one year	850
Total undiscounted payments due to creditors of CRI (EUR 1.9 million)	2,068
Less: discount on amount payable to creditors of CRI	(508)
Discounted amount of payments due to creditors of CRI at the Acquisition Date	1,560
Deferred acquisition costs and transaction costs	1,170
Total consideration	$ 2,730
Fair values assigned to the CRI assets at the Acquisition Date	
Plant and equipment	$ 291
E&E assets	2,439
Total assets acquired	$ 2,730

f) Toral Project

On November 22, 2022, the Company entered into a definitive option agreement (the “Toral Definitive Agreement”) with Europa Metals Ltd. (“Europa”) pursuant to which Europa granted two options to the Company to acquire up to an 80% ownership interest in Europa Metals Iberia S.L. (“EMI”), a wholly-owned Spanish subsidiary of Europa which holds the Toral Zn-Pb-Ag Project (the “Toral Project”), Leon Province, Northern Spain. The Company also granted a 1% NSR on any future production of minerals from the Toral Project to a third party.

Pursuant to the Toral Definitive Agreement, the Company was granted a First Option, exercisable until November 22, 2025 (subject to a 90-day extension in certain circumstances), to subscribe for a 51% equity interest in EMI by (i) spending, as operator, a total of $4.0 million on the Toral Project over the three-year period ending November 22, 2025, (ii) completing a preliminary economic assessment, and (iii) completing and submitting a mining license application in respect of the Toral Project to the local mining authority by July 31, 2023, which has been completed. As of September 30, 2024, the Company has funded a total of approximately $3.1 million during the First Option period related to EMI’s exploration program pursuant to a loan agreement dated November 22, 2022 between the Company, Europa and EMI (the “EMI Loan”).

The Toral Definitive Agreement also provided the Company with a Second Option to acquire an additional 29% equity interest in EMI by delivering a prefeasibility study and making a cash payment of $2.0 million to Europa within the 12-month period following the closing of the First Option.

As at September 30, 2024, EMI has an amount payable to Europa (the “Europa Advances”) of approximately AUD 6.5 million (equivalent to approximately $4.5 million; December 31, 2023 – AUD 6.5 million, equivalent to $4.4 million). Pursuant to the Toral Definitive Agreement, Europa agreed that, on the closing of the Company’s exercise of the First Option, the Europa Advances would be settled by EMI through an issuance of additional equity of EMI to Europa.

Subsequent to September 30, 2024, the Company closed the acquisition of 100% of the issued and outstanding shares of EMI (the “EMI Acquisition”) from Europa on November 12, 2024. Europa also assigned the Europa Advances to the Company on closing of the EMI Acquisition. The purchase price in the EMI Acquisition represented the sum of the EMI Loan and the issuance of 7,000,000 common shares of the Company to Europa on closing of the EMI Acquisition. The common shares issued to Europa are subject to a hold period ending on March 13, 2025. The Toral Definitive Agreement was terminated on closing of the EMI Acquisition.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

5. INVESTMENT IN JOINT VENTURE

On November 29, 2023, the Company, through Alto, a wholly-owned subsidiary of the Company in Spain and owner of the Lomero Project, entered into a definitive agreement (the "RNR Agreement") with the third party shareholders of RNR (collectively, the "RNR Shareholder Group") to acquire a 50% interest in RNR, which owns a 5,000 tonnes per day processing plant and has the rights to exploit the historic producing Aguablanca nickel-copper mine located in Monesterio, Extremadura, Spain.

Under the RNR Agreement, Alto acquired 50% of all of the issued and outstanding shares of RNR in an arm's length transaction with the RNR Shareholder Group for cash consideration totaling EUR 25 million (equivalent to approximately US$27 million), of which EUR 2.5 million was paid on signing of the RNR Agreement in 2023 and the balance of EUR 22.5 million initially scheduled to be paid in instalments of EUR 5.0 million on March 31, 2024 and approximately EUR 5.8 million at the end of each of June, September and December 2024. The Company also agreed to pay a finder's fee of EUR 0.2 million (equivalent to approximately $0.2 million) to an unrelated third party, of which 50% was paid in cash and the balance, included in accounts payable and accrued liabilities at September 30, 2024 (Note 8), was settled on October 17, 2024 through an issuance of common shares by the Company to the finder (Note 10b).

In addition, Alto and the RNR Shareholder Group entered into a Shareholders' Agreement (the "JV Agreement") pursuant to which Alto has appointed three members of the RNR board of directors and the RNR Shareholder Group has appointed the remaining three members. Pursuant to the JV Agreement, Alto was appointed as the operator of the Aguablanca Project. RNR is a joint venture in which the Company, through Alto, has joint control. The acquisition of RNR has been determined to be an asset acquisition. The investment is accounted for using the equity method.

Pursuant to an amendment to the RNR Agreement dated March 19, 2024, the instalment due on March 31, 2024 was modified with EUR 2.5 million being paid on April 2, 2024 and EUR 2.5 million being paid on June 5, 2024. On June 25, 2025, the Company and the RNR Shareholder Group agreed to modify the instalment due on June 30, 2024 with EUR 2.5 million being paid on July 1, 2024 and the balance of approximately EUR 3.3 million to be deferred for payment on receipt of the Water Concession for the use of groundwater in the mining operation. These changes to the instalment schedule resulted in gains on debt modification totaling approximately $0.3 million recognized in the consolidated statement of operations during the nine months ended September 30, 2024.

As at November 14, 2024, a total of approximately EUR 9.2 million (equivalent to approximately $10.2 million) related to the instalments due June 30, 2024 and September 30, 2024 has not been paid by the Company. In light of the delay in receiving the approval of the Water Concession, the Company and the RNR Shareholder Group are in discussion regarding the terms for a revised payment plan for these amounts and the forthcoming instalment of approximately EUR 5.8 million (approximately $6.5 million) due December 31, 2024.

A summary of the changes in the investment in the joint venture is as follows:

	Amount
As at January 1, 2023	**$ -**
Acquisition of 50% interest in RNR	
Cash consideration paid on closing of the RNR Agreement (EUR 2.5 million)	2,776
Discounted amount payable through instalments in 2024 (EUR 22.5 million)	21,016
Total consideration at acquisition date	23,792
Equity share of RNR loss	(61)
Exchange difference	328
As at December 31, 2023	**24,059**
Capital contributions to RNR	750
Equity share of RNR income	66
Exchange difference	230
As at September 30, 2024	**$ 25,105**

The amount payable (total of EUR 22.5 million) in instalments scheduled in 2024 to the RNR Shareholder

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Group is non-interest bearing and was recorded at a discounted amount at the acquisition date using an effective interest rate of 21.53%.

The following table summarizes the changes in the amount payable related to the acquisition of the joint venture investment since the date of acquisition:

	Amount
As at January 1, 2023	**$ -**
Undiscounted amount payable in instalments at the acquisition date (EUR 22.5 million)	24,499
Discount on amount payable to RNR Shareholder Group	(3,483)
Discounted amount payable on acquisition date	21,016
Accretion	397
Exchange difference	295
As at December 31, 2023	**21,708**
Instalments paid (EUR 7.5 million)	(8,129)
Accretion (Note 13)	3,026
Gains on modifications of debt	(278)
Exchange difference	35
As at September 30, 2024	**$ 16,362**
Undiscounted amount payable (EUR 15 million)	$ 16,702
Amount representing accretion	(340)
Discounted amount payable at September 30, 2024	**$ 16,362**

The following tables summarize the consolidated financial information of RNR on a 100% basis, taking into account adjustments made by the Company for equity accounting purposes and fair value adjustments, on each of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Total current assets	$ 1,089	$ 79
Total non-current assets	69,580	66,812
Total current liabilities	(7,618)	(6,089)
Total non-current liabilities	(12,841)	(12,684)
Total net assets	$ 50,210	$ 48,118

	Nine Months Ended September 30, 2024	Month Ended December 31, 2023
Revenue	$ -	$ -
Net income (loss)	136	(122)
Other comprehensive income (loss)	-	-

Reconciliation of RNR's net assets to the carrying value of the Company's investment in the RNR joint venture is as follows:

Net assets of RNR at assigned values at acquisition date	$ 47,585
Net loss for the month ended December 31, 2023	(122)
Exchange difference	655
Net assets of RNR at December 31, 2023	48,118
Capital contributions from the JV partners	1,500
Net loss for the nine months ended September 30, 2024	132
Exchange difference	460
Net assets of RNR at September 30, 2024	50,210
Equity interest	50%
Investment in RNR joint venture at September 30, 2024	**$ 25,105**

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

6. CONVERTIBLE DEBENTURES

	September 30, 2024	December 31, 2023
Convertible Debentures due 2028 (Note 6a)	$ 21,436	$ 22,653
Convertible Debentures due 2029 (Note 6b)	10,937	-
Total Convertible Debentures	$ 32,373	$ 22,653

a) Convertible Debentures due 2028

	Number	Amount
Issued on closing of first tranche on October 19, 2023	6,494,000	$ 4,734
Issued on closing of second tranche on October 31, 2023	14,138,000	10,192
Total issued	20,632,000	14,926
Change in FVTPL	-	6,705
Change in FVOCI due to changes in credit risk	-	176
Exchange difference	-	846
As at December 31, 2023	**20,632,000**	**$ 22,653**
Conversion of Convertible Debentures	(1,360,000)	(1,948)
Change in FVTPL	-	1,148
Change in FVOCI due to changes in credit risk	-	202
Exchange difference	-	(619)
As at September 30, 2024	**19,272,000**	**$ 21,436**

In October 2023, the Company closed a private placement in two tranches issuing a total of CA$20.6 million aggregate principal amount (equivalent to approximately $14.9 million) of senior unsecured convertible debentures (the "Convertible Debentures due 2028").

The Convertible Debentures due 2028 are non-callable and mature and become payable in full on October 19, 2028, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures due 2028 bear interest at 12% per annum, paid monthly in equal installments in cash. At closing, the Company set aside a portion of the gross proceeds amounting to a total of approximately CA$2.5 million (equivalent to approximately $1.8 million) in trust to fund the monthly interest payments during the first 12 months of the term of the Convertible Debentures due 2028. At September 30, 2024, cash held in trust for future interest payments on the Convertible Debentures due 2028 amounted to CA$0.2 million, equivalent to approximately $0.2 million (December 31, 2023 – CA$2.0 million, equivalent to approximately $1.5 million).

Commencing January 31, 2025, and at the end of each quarter thereafter, the Company will pay a gold premium on the principal amount of the Convertible Debentures due 2028 in cash. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds $1,800 per ounce (the "2023 Floor Price") divided by (ii) the 2023 Floor Price.

At any time prior to maturity, the Convertible Debentures due 2028 are convertible at a holder's option into common shares of the Company at a conversion price of CA$0.45 per share (the “2023 Conversion Option”).

The Convertible Debentures due 2028 are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures due 2028 were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company’s credit risk, which is recognized in the statement of other comprehensive income.

The fair value of the Convertible Debentures due 2028 at September 30, 2024 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures due 2028, including the 2023 Conversion Option, gold futures curve, Company share price of CA$0.67 per share, share price volatility of 107.62%, risk free interest rate of 2.60%, dividend yield of 0.00%

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

and credit spread of 50.67%. In valuing the Convertible Debentures due 2028, the Company applied a liquidity discount of 34.68% from the Black-Scholes value.

During the three and nine months ended September 30, 2024, the Company recorded a loss on fair value of $4.7 million and a loss on fair value of $1.2 million, respectively, related to the Convertible Debentures due 2028 in the statement of operations, and a loss of less than $0.1 million and a loss of $0.2 million, respectively, related to the change in credit risk associated with the Convertible Debentures due 2028 in the statement of other comprehensive income.

On March 4, 2024, the Convertible Debentures due 2028 commenced trading on Cboe Canada under the symbol “DMET.DB”.

On March 14, 2024, the Company issued 222,222 common shares on conversion of 100,000 Convertible Debentures due 2028. On May 23, 2024, the Company issued 2,800,000 common shares on conversion of 1,260,000 Convertible Debentures due 2028.

b) Convertible Debentures due 2029

	Number	Amount
Issued on closing of first tranche on May 30, 2024	10,025,000	$ 7,329
Issued on closing of second tranche on June 25, 2024	3,783,000	2,765
Total Convertible Debenture Units issued	13,808,000	10,094
Value allocated to Convertible Debenture Warrants (Note 10c)	-	(1,274)
Value allocated to Convertible Debentures due 2029	13,808,000	8,820
Change in FVTPL	-	2,017
Change in FVOCI due to changes in credit risk	-	(17)
Exchange difference	-	117
As at September 30, 2024	**13,808,000**	**$ 10,937**

In May and June 2024, the Company closed two tranches of a private placement, issuing a total of 13.8 million convertible debenture units ("Convertible Debenture Units") for total gross cash proceeds of CA$13.8 million (equivalent to approximately $10.1 million). The Convertible Debenture Units comprised an aggregate principal amount of CA$13.8 million of senior unsecured convertible debentures (the "Convertible Debentures due 2029") and 6.9 million unlisted warrants (the “Convertible Debenture Warrants”) of the Company (see Note 10c). Total issuance costs related to the Convertible Debenture Units amounted to approximately $0.3 million, most of which was recognized in finance costs in the nine months ended September 30, 2024 related to the Convertible Debentures due 2029. A portion of the issuance costs was allocated to the Convertible Debenture Warrants and recognized in the statement of equity in the nine months ended September 30, 2024.

The Convertible Debentures due 2029 are non-callable and mature and become payable in full on May 30, 2029, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures due 2029 bear interest at 12% per annum, paid monthly in equal installments in cash. At closing, the Company set aside a portion of the gross proceeds amounting to a total of approximately CA$1.7 million (equivalent to approximately $1.2 million) in trust to fund the monthly interest payments during the first 12 months of the term of the Convertible Debentures due 2029. At September 30, 2024, cash held in trust for future interest payments on the Convertible Debentures due 2029 amounted to CA$1.1 million, equivalent to approximately $0.8 million.

Commencing June 30, 2025, and at the end of each quarter thereafter, the Company will pay a gold premium on the principal amount of the Convertible Debentures due 2029 in cash. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds $2,000 per ounce (the "2024 Floor Price") divided by (ii) the 2024 Floor Price.

At any time prior to maturity, the Convertible Debentures due 2029 are convertible at a holder's option into common shares of the Company at a conversion price of CA$0.60 per share (the “2024 Conversion Option”). The Convertible Debentures due 2029 are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures due 2029 were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The fair values of the liability component of the Convertible Debentures due 2029 at inception were determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures due 2029, including the 2024 Conversion Option, gold futures curve and the following inputs:

	First Tranche	Second Tranche
Issue date	May 30, 2024	June 25, 2024
Company share price	CA$0.63/ share	CA$0.60/ share
Share price volatility	108.31%	108.30%
Risk free interest rate	3.64%	3.30%
Dividend yield	0.00%	0.00%
Credit spread	50.50%	50.59%
Liquidity discount	36.84%	36.84%

The fair value of the liability component of the Convertible Debentures due 2029 at September 30, 2024 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the Conversion Option, gold futures curve, Company share price of CA$0.67 per share, share price volatility of 107.62%, risk free interest rate of 2.59%, dividend yield of 0.00% and credit spread of 50.67%. In valuing the Convertible Debentures due 2029, the Company applied a liquidity discount of 34.68% from the Black-Scholes value.

During the three and nine months ended September 30, 2024, the Company recorded a loss on fair value of $2.2 million and a loss on fair value of $2.0 million, respectively, related to the Convertible Debentures due 2029 in the statement of operations, and a gain of less than $0.1 million and a gain of less than $0.1 million, respectively, related to the change in credit risk associated with the Convertible Debentures due 2028 in the statement of other comprehensive income.

7. NET SMELTER ROYALTY ("NSR") LIABILITY

As at December 31, 2023	$	-
Addition, net of transaction costs		4,734
Accretion		26
Recognition of a portion of March 2025 Minimum Payment Adjustment		375
Total carrying value of the net smelter royalty payable as at September 30, 2024	$	5,135
Less: current portion, represented by 2025 Minimum Payment Adjustment recognized		(375)
Non-current portion	$	4,760

On March 27, 2024, the Company closed the sale of a 3% NSR on future production from its Zancudo Project to a syndicate of third-party investors for total cash consideration of $5.0 million.

The NSR agreement includes a Minimum Payment Adjustment which is calculated on an annual basis, commencing March 31, 2025, until the Zancudo Project reaches commercial production as defined in the NSR agreement. The Minimum Payment Adjustment will be paid in cash to the NSR holders and represents the difference between $750,000 and the aggregate amount of actual NSR paid to the NSR holders during the preceding 12-month period. Once commercial production is achieved, the Minimum Payment Adjustment is cancelled.

If commercial production, as defined in the NSR agreement, has not been achieved by the Zancudo Project by March 31, 2029, then the NSR holders may elect to sell to the Company, and the Company shall be obligated to purchase, the NSR for an amount equal to the upfront cash payment totaling $5.0 million (the "Put Option"). Once commercial production has been achieved, the Put Option is cancelled.

This NSR obligation has been recognized as a financial liability, initially recorded at fair value and subsequently measured at amortized cost. Transaction costs incurred related to the sale of the NSR, totalling approximately $0.3 million, have been offset against the fair value of the NSR.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Related to operating, general and administrative expenses	$ 508	$ 574
Related to expenditures for mineral property, plant and equipment (Note 3)	2,531	99
Related to expenditures for E&E assets (Note 4a)	407	603
Related to acquisition of CRI assets, including transaction costs (Note 4e)	1,457	-
Related to finder's fee for joint venture investment (Notes 5 and 10b)	111	-
Total accounts payable and accrued liabilities	5,014	1,276
Less: non-current portion related to acquisition of CRI assets	602	-
Current portion	$ 4,412	$ 1,276

9. LEASES

The lease obligations are summarized as follows:

	Maturity	Currency	Interest rate	September 30, 2024	December 31, 2023
Leases	2023	EUR	7.90%	$ 121	$ 253
Leases	2024	COP	11.61%	-	24
Leases	2025	CAD	7.07%	52	93
Total lease obligations				173	370
Less: current portion				143	250
Non-current portion				$ 30	$ 120

The table below summarizes the changes in the lease obligation during the nine months ended September 30, 2024:

	Amount
As at December 31, 2023	$ 370
Additions	1
Accretion	15
Lease payments	(208)
Exchange difference	(5)
As at September 30, 2024	$ 173

The undiscounted and discounted future lease payments are as follows:

	September 30, 2024	December 31, 2023
Within one year	$ 148	$ 267
More than one year	31	124
Total undiscounted lease obligations	179	391
Amount representing interest	(6)	(21)
Lease obligations – discounted	$ 173	$ 370

During the nine months ended September 30, 2024, the Company recognized total payments in the consolidated statement of cash flows in the amount of $208,000 (2023 - $125,000).

Scheduled future undiscounted lease payments, comprising principal and interest, are as follows:

	2024	2025	2026	Total
Total payments	$ 61	$ 96	$ 22	$ 179

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

10. SHARE CAPITAL

a) Authorized

Authorized share capital comprises an unlimited number of common shares without par value and 10,000,000 preferred shares at $1.00 par value. No preferred shares have been issued.

b) Issued and fully paid

A summary of the change in the issued and outstanding common shares during the nine months ended September 30, 2024 is as follows:

	Shares	Amount
Balance, January 1, 2024	**63,168,030**	**$ 103,233**
Exercise of Rights Offering Warrants	320,514	177
Conversion of Convertible Debentures due 2028 (Note 6a)	3,022,222	1,948
Shares issued in the Private Placement	8,473,332	2,751
Exercise of Private Placement Warrants	2,500,000	1,363
Exercise of Convertible Debenture Warrants	180,986	113
Balance, September 30, 2024	**77,665,084**	**$ 109,585**

2024 Private Placement

On August 13, 2024, the Company closed the first tranche of a private placement (the "2024 Private Placement") issuing a total of 7,362,221 common shares of the Company at a price of CA$0.45 per common share for gross cash proceeds of CA$3.3 million (approximately $2.4 million). On September 5, 2024, the Company closed the final tranche of the 2024 Private Placement issuing an additional 1,111,111 common shares of the Company at a price of CA$0.45 per common share for gross cash proceeds of CA$0.5 million (approximately $0.4 million). Transaction costs related to the 2024 Private Placement amounted to less than $0.1 million.

Subsequent Event - Finder's Fee Shares

On October 17, 2024, the Company issued 231,123 common shares to pay the balance of a finder's fee related to the investment in the joint venture in the amount of EUR100,000 (equivalent to approximately $0.1 million), included in accounts payable and accrued liabilities at September 30, 2024 (Note 8).

2023 Private Placement

On April 4, 2023, the Company completed a private placement (the "2023 Private Placement") through the issuance of 18,432,500 units at a price of CA$0.40 per Unit for total gross cash proceeds of approximately CA$7.4 million (equivalent to $5.5 million). Each Unit consisted of one common share and one common share purchase warrant ("Private Placement Warrant") exercisable into a full common share at a price of CA$0.60 per common share expiring April 4, 2026.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

c) Share Purchase Warrants

A summary of the change in the share purchase warrants issued and outstanding during the nine months ended September 30, 2024 is as follows:

	Outstanding	Common shares issuable	Weighted average exercise price per common share (CA$)
Balance, January 1, 2024	**118,423,741**	**50,200,411**	**$ 1.72**
Issuance of Convertible Debenture Warrants (Note 6b)	6,904,000	6,904,000	0.60
Exercise of Rights Offering Warrants [(1)]	(320,514)	(320,514)	0.60
Exercise of 2023 Private Placement Warrants [(1)]	(2,500,000)	(2,500,000)	0.60
Exercise of Convertible Debenture Warrants [(1)]	(180,986)	(180,986)	0.60
Balance, September 30, 2024	**122,326,241**	**54,102,911**	**$ 1.64**

(1) Cash proceeds from the warrants exercised during the nine months ended September 30, 2024 amounted to CA$1,800,900.

As described in Note 6b, the Company issued 6,904,000 Convertible Debenture Warrants with an exercise price of CA$0.60 per share expiring on May 30, 2027. The estimated fair value of $0.7 million was determined using the Black-Scholes option pricing model and level 3 fair value inputs, including expected share price volatility of 100.59%, risk free interest rate of 3.90%, dividend yield of 0%, expected average life of 3.0 years and a liquidity discount of 36.84% from the Black-Scholes value. The issuance costs of less than $0.1 million related to the Convertible Debenture Warrants were recognized in the statement of equity.

As at September 30, 2024, the Company had the following warrants issued and outstanding:

	Number of warrants	**Shares Issuable**	**Exercise price per share**	**Expiry date**
Listed warrants (Cboe CA: DMET.WT)	75,000,000	7,500,000	CA$8.00	March 17, 2026
Unlisted finder's warrants	803,700	80,370	CA$8.00	March 17, 2026
Unlisted Rights Offering Warrants	23,600,402	23,600,402	CA$0.60	March 2, 2026
Unlisted 2023 Private Placement Warrants	16,199,125	16,199,125	CA$0.60	April 4, 2026
Unlisted Convertible Debenture Warrants	6,723,014	6,723,014	CA$0.60	May 30, 2027
		54,102,911		

Subsequent to September 30, 2024, the Company issued 283,500 common shares for the exercise of unlisted warrants with an exercise price of CA$0.60 per share.

d) Stock option plan

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees and consultants enabling them to acquire up to a total of 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by Cboe Canada.

A summary of the change in the stock options outstanding during the nine months ended September 30, 2024 is as follows:

	Number of stock options outstanding	Weighted average exercise price per common share (CA$)
Balance, January 1, 2024	**6,097,500**	**$ 1.57**
Granted	400,000	0.59
Expired	(205,000)	4.47
Forfeited	(100,000)	0.55
Balance, September 30, 2024	**6,192,500**	**$ 1.43**

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

A summary of share-based compensation expense resulting from the vesting of the Company's stock option grants is as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Total share-based compensation cost recognized in the period				
Stock options granted in 2023	$ 1	$ 258	$ 307	$ 398
Stock options granted in 2024	25	-	44	-
	26	258	351	398
Less: amounts capitalized to mineral property, plant and equipment and E&E assets (Notes 3, 4)	-	49	76	93
Share-based compensation expense	$ 26	$ 209	$ 275	$ 305

A summary of the inputs used in the determination of the fair value of the stock options granted during the nine months ended September 30, 2024 to two new non-executive directors, using the Black-Scholes option pricing model, is as follows:

Grant date	February 8, 2024	July 11, 2024
Number of stock options granted	200,000	200,000
Term	5 years	5 years
Vesting	1 year	1 year
Weighted average Black-Scholes option pricing model inputs		
Market price per share	CA$0.59	CA$0.59
Exercise price per share	CA$0.59	CA$0.59
Dividends expected	Nil	Nil
Expected volatility	98.10%	104.53%
Risk-free interest rate	4.03%	3.88%
Expected life of options	2.5 years	2.5 years
Fair value per option	$ 0.25	$ 0.27
Share-based compensation expense recognized in the nine months ended September 30, 2024	$ 32	$ 12

During the nine months ended September 30, 2023, the Company granted a total of 4,200,000 stock options at an exercise price of CA$0.52 per share to executive officers, directors and management of the Company. These stock options vested on May 3, 2024.

The table below summarizes information about the stock options outstanding as at September 30, 2024:

Expiry date	Stock Options Outstanding	Vested Stock Options	Remaining contractual life in years	Exercise price (CA$/share)
December 28, 2024	200,000	200,000	0.2	$ 0.52
June 30, 2026	515,000	515,000	1.7	4.45
July 25, 2026	200,000	200,000	1.8	0.55
November 22, 2026	260,000	260,000	2.1	6.50
May 3, 2028	4,000,000	4,000,000	3.6	0.52
February 8, 2029	200,000	-	4.4	0.59
July 11, 2029	200,000	-	4.8	0.59
August 27, 2030	127,500	127,500	5.9	1.00
February 19, 2031	490,000	490,000	6.4	4.50
	6,192,500	5,792,500	3.5	$ 1.43

e) Loss per share

For the three and nine-month periods ended September 30, 2024 and 2023, the stock options and warrants were anti-dilutive.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

11. FINANCIAL RISK MANAGEMENT

a) *Credit risk*

The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly-rated Canadian, Colombian and Spanish financial institutions.

b) Foreign currency risk

The Company is exposed to foreign currency fluctuations in USD, EUR and COP. Such exposure arises primarily from expenditures that are denominated in currencies other than the functional currency which is denominated in CA. The Company monitors its exposure to foreign currency risks. To reduce its foreign currency exposure associated with operating expenses incurred in USD, EUR and COP, the Company may enter into foreign currency derivatives to manage such risks. For the nine months ended September 30, 2024 and 2023, the Company did not utilize derivative financial instruments to manage this risk.

The following table summarizes, in USD equivalents, the Company's major currency exposure as at September 30, 2024 in USD, EUR and COP arising from foreign currency monetary assets and liabilities and foreign currency components:

	USD	EUR	COP
Cash	$ 10	$ 418	$ 44
Other receivables	-	269	12
Investment in joint venture	-	25,105	-
Accounts payable and accrued liabilities	(163)	(2,102)	(2,494)
Amount payable by EMI to Europa	-	(4,479)	-
Amount payable related to acquisition of joint venture	-	(16,362)	-
Lease obligations	-	(121)	-
Other liabilities	-	(312)	-
Net financial assets (liabilities)	$ (153)	$ 2,416	$ (2,438)

Based on the net exposure at September 30, 2024, a 10% depreciation or appreciation of the USD against the CA would result in a $14,000 increase or decrease in the Company's after-tax net loss and a 10% depreciation or appreciation of the EUR and COP against the CA would result in a $220,000 and $222,000 decrease or increase, respectively in the Company's other comprehensive loss.

c) Liquidity risk

The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. As at September 30, 2024, the Company has cash and cash equivalents of approximately $2.8 million, no production and no source of revenue. As such, cash inflows are dependent on the Company's ability to obtain financing through the issuance of additional securities, entering into debt or credit facilities, or entering into joint ventures, partnerships or other similar arrangements.

The Company's undiscounted commitments as at September 30, 2024 consist of the following:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 3,446	$ -	$ -	$ -	$ 3,446
Payable related to acquisition of CRI assets	845	879	293	-	2,017
Lease obligations	148	31	-	-	179
Convertible Debentures	-	-	24,458	-	24,458
NSR liability	750	1,500	6,500	-	8,750
Amount payable related to acquisition of joint venture investment	16,702	-	-	-	16,702
Total	$ 21,891	$ 2,410	$ 31,251	$ -	$ 55,552

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The $4.5 million amount payable from EMI to Europa has been excluded from the table above as it was assigned to the Company by Europa subsequent to September 30, 2024 in conjunction with the Company's acquisition of a 100% equity interest in EMI (Note 4f).

d) Fair value risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and amount payable by EMI to Europa approximate their carrying values due to the short-term maturity of these financial instruments.

e) Capital management

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders of $33.5 million (December 31, 2023 – $38.7 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. The Company is not subject to any externally imposed capital requirements.

12. RELATED PARTY TRANSACTIONS

The Company entered into a consulting and advisory agreement related to social and environmental matters at the Company's Zancudo Project effective June 1, 2023 for services to be provided by a firm affiliated with a non-executive director of the Company at the time of signing the agreement. During the nine months ended September 30, 2024, the Company incurred a total of $135,000 in fees pursuant to this agreement (nine months ended September 30, 2023 - $80,000).

As described in Note 4c, Aris Mining paid COP 10.7 billion (equivalent to approximately $2.2 million) on February 27, 2023 to the Company in connection with the termination of the license agreement associated with the Guia Antigua Project.

13. FINANCE COSTS

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest expense (Note 6)	$ 696	$ -	$ 1,702	$ -
Convertible Debentures due 2029 issue costs (Note 6b)	25	-	303	-
NSR Minimum Payment Adjustment (Note 7)	187	-	375	-
Accretion of NSR liability (Note 7)	13	-	26	-
Accretion of amount payable related to acquisition of CRI assets (Note 4e)	53	-	77	-
Accretion of amount payable related to acquisition of joint venture investment (Note 5)	847	-	3,026	-
Accretion of lease obligations (Note 9)	2	6	15	14
	$ 1,823	$ 6	$ 5,524	$ 14

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

14. EXPENSES BY NATURE

During the three and nine months ended September 30, 2024, general and administrative expenses included $0.4 million and $1.1 million, respectively, of salaries and other employee benefits (2023 - $0.4 million and $1.1 million, respectively).

15. SEGMENT DISCLOSURES

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. In determining the Company's segment structure, the Company considered the basis on which the chief operating decision-maker reviews the financial and operational performance and whether any of the Company's exploration operations share similar economic, operational and regulatory characteristics. The Company considers its Zancudo Project, Phosphates Project and former Guia Antigua Project in Colombia, its Rio Narcea, Lomero and Toral Projects in Spain and its corporate functions in Canada as its reportable segments.

The following table summarizes the Company's reportable segments and its geographic locations:

	Colombia	Spain	Corporate	Total
Nine months September 30, 2024				
Net loss	$ (174)	$ (3,804)	$ (8,076)	$ (12,054)
Capital expenditures (Notes 3 and 4)	9,730	2,355	-	12,085
As at September 30, 2024				
Total assets	$ 18,078	$ 73,536	$ 5,730	$ 97,344
Total liabilities	7,642	23,376	32,830	63,848
Nine months September 30, 2023				
Net loss	$ (1,947)	$ (334)	$ (2,764)	$ (5,045)
Capital expenditures	4,857	5,716	-	10,573
As at December 31, 2023				
Total assets	$ 9,378	$ 69,637	$ 10,428	$ 89,443
Total liabilities	397	27,163	23,202	50,762

16. SUBSEQUENT EVENT

On October 31, 2024, the Company completed a non-brokered private placement (the "Offering") of 8,298,300 Units at CA$0.55 per Unit for gross proceeds of approximately CA$4.6 million (approximately $3.3 million). Each Unit consisted of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of CA$0.85 per common share at any time on or before October 31, 2026. The common shares and warrants issued in the Offering are subject to a hold period in Canada ending March 1, 2025. In conjunction with the Offering, the Company paid a total of approximately CA$0.1 million of fees in cash to certain arm's length agents and brokers who acted as finders.