STRATEGIC MINERALS EUROPE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2024 and 2023

(EXPRESSED IN U.S. DOLLARS)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsubsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in U.S. Dollars) (Unaudited)

As at	Notes	June 30,2024 $	December 31,2023 $
Assets			
Current assets:			
Cash		**12,821**	817,384
Trade and other receivables	9	**245,365**	567,431
Inventories	8	**437,856**	453,649
Other current assets		**41,246**	61,872
Total current assets		**737,288**	1,900,336
Non-current assets:			
Investment, at fair value	5	**76,713**	92,622
Guarantee and other deposits	17	**1,988,298**	2,064,149
Right-of-use assets	7	**118,993**	152,631
Property, plant and equipment	6	**9,200,878**	9,816,580
Total assets		**12,122,170**	14,026,318
Liabilities and shareholders' equity			
Current liabilities:			
Trade and other payables		**4,440,480**	4,155,851
Current portion of long-term liabilities	10	**4,485,461**	2,757,990
Total current liabilities		**8,925,941**	6,913,841
Non-current liabilities:			
Long-term liabilities	10, 14	**844,327**	1,914,879
Decommissioning liabilities	13	**2,011,056**	2,048,135
Total liabilities		**11,781,324**	10,876,855
Shareholders' equity:			
Share capital	12	**40,957,282**	40,938,474
Shares to be issued	12	**-**	18,808
Contributed surplus	12	**4,555,580**	4,555,580
Accumulated other comprehensive loss		**(3,715,415)**	(3,593,879)
Deficit		**(41,456,601)**	(38,769,520)
Total shareholders' equity		**340,846**	3,149,463
Total liabilities and shareholders' equity		**12,122,170**	14,026,318

Going concern (Note 1)
Commitments and contingencies (Notes 6, 10, 13 & 17)
Subsequent events (Note 20)

On behalf of the Board of Directors:

"Campbell Becher"	"Miguel de la Campa"
Director (Signed)	*Director* (Signed)

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars) (Unaudited)

	Notes	Three months ended June 30, **2024** $	2023 $ *Note 3*	Six months ended June 30, **2024** $	2023 $ *Note 3*
Revenue	18	**-**	4,628,217	**-**	7,529,997
Changes in inventories of finished goods and work in progress	8	**410**	550,571	**-**	424,580
Raw materials and consumables used	8	**-**	(602,636)	**-**	(1,061,670)
Supplies		**-**	(1,432,722)	**-**	(2,538,039)
Depreciation and amortization expense	6	**(273,558)**	(419,714)	**(547,124)**	(823,770)
(loss) Profit before expenses and other		**(273,148)**	2,723,716	**(547,124)**	3,531,098
Expenses					
Employee expenses	11a	**(187,312)**	(887,494)	**(351,709)**	(1,639,613)
Other operating expenses	6 & 11b	**(739,166)**	(1,713,005)	**(1,443,885)**	(3,373,648)
Depreciation and amortization expense	6 & 7	**(34,887)**	(68,818)	**(58,484)**	(135,032)
Share-based payments	12	**-**	-	**-**	(247,699)
Total expenses		**(961,365)**	(2,669,317)	**(1,854,078)**	(5,395,992)
Other income (expense)					
Finance income		**59,024**	4,220	**60,405**	141,513
Finance costs	10	**(152,938)**	(91,190)	**(373,732)**	(238,710)
Gain on sale of assets	6	**-**	-	**-**	529,379
Loss from investment in associate	5	**-**	(22,236)	**-**	(22,236)
Change in fair value of investment	5	**3,802**	1,791	**(12,882)**	(12,987)
Gain on settlement of debt	12	**-**	-	**-**	7,520
Other income		**21,333**	61,180	**20,460**	208,951
Total other income (expense)		**(68,779)**	(46,235)	**(305,749)**	613,430
Loss before income taxes		**(1,303,292)**	8,164	**(2,706,951)**	(1,251,464)
Income tax recovery (expense)		**19,870**	(225)	**19,870**	(61,738)
Net income (loss)		**(1,283,422)**	7,939	**(2,687,081)**	(1,313,202)
Other comprehensive income (loss)					
Items that may be reclassified to income (loss) in subsequent periods:					
Foreign currency translation adjustment		**(71,396)**	18,035	**(121,536)**	234,348
Total comprehensive income (loss)		**(1,354,818)**	25,974	**(2,808,617)**	(1,078,854)
Earning (loss) per share - Basic and diluted	19	**(0.005)**	0.000	**(0.011)**	(0.006)
Weighted average number of shares outstanding - Basic and diluted	19	**239,559,266**	237,987,185	**239,559,266**	237,480,651

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statements of Change in Equity (Deficit)
For the six months ended June 30, 2024 and 2023
(Expressed in U.S. Dollars) (Unaudited)

	Share capital and premium	Shares to be issued	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
	$	$	$	$	$	$
Balance at December 31, 2022	**40,829,378**	**-**	**4,211,062**	**(4,465,140)**	**(21,828,431)**	**18,746,869**
Shares issued for debt settlement (note 12)	66,378	-	-	-	-	66,378
Shares issued for interest payments (note 12)	24,700	-	-	-	-	24,700
Shares issued for services (note 12)	18,018	-	-	-	-	18,018
Share-based compensation (note 12)	-	-	247,699	-	-	247,699
Warrants issued (note 10)	-	-	16,673	-	-	16,673
Total comprehensive loss for the period	-	-	-	234,348	(1,313,202)	(1,078,854)
Balance at June 30, 2023	**40,938,474**	**-**	**4,475,434**	**(4,230,792)**	**(23,141,633)**	**18,041,483**
Balance at December 31, 2023	**40,938,474**	**18,808**	**4,555,580**	**(3,593,879)**	**(38,769,520)**	**3,149,463**
Shares issued for interest payments (note 12)	18,808	(18,808)	-	-	-	-
Total comprehensive loss for the period	-	-	-	(121,536)	(2,687,081)	(2,808,617)
Balance at June 30, 2024	**40,957,282**	**-**	**4,555,580**	**(3,715,415)**	**(41,456,601)**	**340,846**

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Expressed in U.S. Dollars) (Unaudited)

	Notes	Six months ended June 30, 2024 $	2023 $
Operating activities			
Net loss		**(2,687,081)**	(1,313,202)
Items not involving cash:			
Depreciation and amortization expense	6 & 7	**605,608**	958,802
Finance income		**(60,405)**	(141,513)
Finance costs		**303,352**	193,123
Share-based payments	12	**-**	247,699
Shares issued for services	12	**-**	18,018
Change in fair value of investment	5	**12,882**	12,987
Gain on settlement of debt	12	**-**	(7,520)
Gain on sale of assets	6	**-**	(529,379)
Loss from investment in associate	5	**-**	22,236
Other income and losses		**(8,329)**	73,701
Net change in non-cash working capital items			
Trade and other receivables		**326,635**	(668,743)
Trade and other payables		**178,238**	76,810
Income tax paid		**39,774**	-
Inventories and other current assets and liabilities		**-**	(424,580)
Net cash used in operating activities		**(1,289,326)**	(1,481,561)
Investing activities			
Additions to property, plant and equipment	6	**(268,791)**	(690,603)
Promissory note received		**-**	738,300
Proceeds from sale of assets	6	**-**	738,900
Net cash provided by investing activities		**(268,791)**	786,597
Financing activities			
Proceeds from issuance of IberAmerican note	10	**1,114,699**	-
Proceeds from issuance of promissory note		**-**	1,075,000
Promissory note issuance cost	10	**-**	(16,627)
Repayment of loans	10	**(297,588)**	(645,812)
Principal elements of lease payments	10	**(47,928)**	(44,136)
Net cash used in financing activities		**769,183**	368,425
Effect of movements in exchange rates on cash		**(15,629)**	15,492
Net change in cash		**(804,563)**	(311,047)
Cash, at the beginning of the period		**817,384**	899,042
Cash, at the end of the period		**12,821**	587,995
Supplemental cash flow information			
Shares issued for debt settlement and interest payments	12	**18,808**	66,378
Shares issued for services	12	**-**	18,018
Investment received as consideration for sale of royalty interest	5 & 6	**-**	129,308
Warrants issued in connection with Notes	10	**-**	16,673

See the accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Strategic Minerals Europe Corp. and its subsidiaries (collectively the “Company” or “Strategic”), is a publicly listed company, engaged in the acquisition, exploration and evaluation and operation of mineral properties. The Company’s head office is located at 365 Bay Street, Suite 800, Toronto, Ontario, Canada, M5H 2V1. The Company also has offices in Madrid, Spain. The Company’s shares are listed on the Neo Exchange Inc. (operating as Cboe Canada) under the symbol “SNTA”, the Frankfurt Stock Exchange open market under the symbol “26K0”, and the OTCQB under the symbol "SNTAF."

These unaudited condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on August 14, 2024.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

The Company has incurred a loss of $2,687,081 for the six months ended June 30, 2024 (June 30, 2023 - $1,313,202) and has a working capital deficiency of $8,188,653 as at June 30, 2024 (December 31, 2023 – $5,013,505).

On October 19, 2023, the Superior Court of Xustiza of Galicia (“TSXG”) decided to provisionally suspend the section C permit for the Company’s Penouta Project after a complaint filed against the Xunta de Galicia (“Xunta”), requesting a revocation of the section C permit granted to the Company in May 2022.

On October 23, 2023, the Company submitted an appeal of the Decision to the Administrative Court of the High Court of Justice of Galicia (the "High Court"). On December 13, 2023, the Company was notified of the High Court's decision to maintain the Decision and continue the provisional suspension of the section C of the Penouta Project until the main proceeding is decided. On June 12, 2024, the Company was notified that the TSXG has upheld on appeal its decision to suspend the section C permit for the Company’s Penouta Project. The Company is exploring all available legal avenues to reverse the Decision and to expedite the reinstatement of the section C permit, including an appeal to the Supreme Court of Spain (the “SCS“). Meanwhile, operations at the section C of the Penouta Project continue to be suspended.

The Company’s status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt, through sufficient cash flows from operations and the successful resolution of the matter related to the challenge to the Company’s mining permit (as mentioned above). These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the commencement of mining operations and achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

On March 19, 2024, the Company entered into a business combination agreement (“BCA”) with IberAmerican Lithium Corp. (“IberAmerican”) and IberAmerican Resources Inc. (“Subco”), a wholly-owned subsidiary of IberAmerican. Pursuant to this agreement, IberAmerican would acquire all of the issued and outstanding common shares in the capital of the Company (“Strategic Shares”) (the “Proposed Transaction”). The business combination agreement was amended and restated on June 17, 2024, extending the original deadline date to July 31, 2024. IberAmerican notified the Company on July 31, 2024, that, as the Business Combination was not completed on or before July 31, 2024, as required by the Amended and Restated BCA, IberAmerican was exercising its right to terminate the Amended and Restated BCA. The Company continues to seek alternative financing solutions.

In connection with the Proposed Transaction, the Company executed a promissory note with IberAmerican (the “IberAmerican Note”) (see note 10).

2. STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accountant Standard 34, (“IAS 34”), Interim Financial Reporting. These condensed interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for annual financial statements. Accordingly, 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.

3. BASIS OF PREPARATION

Basis of consolidation

These unaudited condensed interim consolidated financial statements comprise the financial results of the Company, including its wholly owned subsidiaries as follows:

Entity	Property/function	Registered	Functional currency
Strategic Minerals Europe Corp.*	Corporate	Canada	Canadian Dollar (CA)
Strategic Minerals Spain S.L. ("SMS")	Penouta Project	Spain	Euro

*Strategic Mineral Europe Corp. and Strategic Minerals Europe Inc. ("SMEI") were amalgamated on December 20, 2023.

All significant intercompany balances and transactions have been eliminated upon consolidation.

Subsidiaries are those entities which Strategic controls. Control exists when the Company is exposed to or has rights to the variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared under the historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. An adjustment has been made to the condensed interim consolidated statement of operations for the three and six months ended June 30, 2023, to reclassify depreciation and amortization expense of $419,714 and $823,770 from operating income (expense) to cost of sales, respectively.

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in US dollars ("USD" or "$"). Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates and it is disclosed under the basis of consolidation above.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the condensed interim consolidated statements of operations and comprehensive loss under finance income and costs.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each consolidated statement of operations and cash flows for the periods presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

(iii) components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and

(iv) all resulting exchange differences are recognized in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of operations as part of the gain or loss on sale.

Use of estimates and judgments:

The preparation of these unaudited condensed interim consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include are the same as those described in the Company's most recent annual consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2023.

Recently adopted accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC 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. There are no relevant IFRS's or IFRS interpretations that are effective that would have a material impact on the Company.

Future changes in accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the periods commencing January 1, 2025 or later, and have not been applied in preparing these financial statements. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

(Expressed in U.S. Dollars) (Unaudited)

5. INVESTMENTS

Investments (USD)	Total
Balance, December 31, 2022	**632,829**
Additions	129,308
Change in carrying value	(81,160)
Effect of foreign currency exchange differences	2,216
Balance, December 31, 2023	**92,622**
Change in carrying value	(12,882)
Effect of foreign currency exchange differences	(3,027)
Balance, June 30, 2024	**76,713**

Investment at fair value (Electric Royalties)

On January 24, 2023, the Company closed a transaction (the "Gross Revenue Royalty Transaction") whereby Electric Royalties Ltd. (TSXV: ELEC) ("Electric Royalties") acquired a 0.75 percent gross revenue royalty on the production of the Penouta Project in exchange for a cash payment of $738,900 (CA$1,000,000) and the issuance to the Company of 500,000 common shares in the capital of Electric Royalties. The common shares received in the capital of Electric Royalties were recorded as investments, at fair value determined using Electric Royalties' closing share price of CA$0.35 on January 24, 2023. Those common shares are classified as a financial asset measured at fair value through profit or loss ("FVPL"). During the six months ended June 30, 2024, $12,882 was recorded as a change in fair value of investment on the condensed interim consolidated statements of operations (2023 - $12,987). See note 6.

Those common shares were sold subsequent to June 30, 2024. See note 20.

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment are generally held in connection with its mining operations, located north of the town of Penouta, in Concello de Viana do Bolo, Spain.

As of June 30, 2024 and December 31, 2023 a summary of the net book value is as follows:

(Expressed in U.S. Dollars) (Unaudited)

Assets (USD)	Plant and equipment	Assets under construction	Mineral properties	Computer software	Total
Balance December 31, 2022	**16,260,059**	**472,646**	**13,471,703**	**53,523**	**30,257,931**
Additions	606,624	163,544	847,131	-	1,617,299
Transfer of assets under construction	326,668	(326,668)	-	-	-
Disposals	-	-	(925,043)	-	(925,043)
Effect of foreign currency exchange differenc	605,874	13,338	492,681	1,925	1,113,818
Balance December 31, 2023	**17,799,225**	**322,860**	**13,886,472**	**55,448**	**32,064,005**
Additions	-	268,791	-	-	268,791
Effect of foreign currency exchange differenc	(561,708)	(12,675)	(438,230)	(1,749)	(1,014,362)
Balance June 30, 2024	**17,237,517**	**578,976**	**13,448,242**	**53,699**	**31,318,434**

Accumulated Depreciation and impairment losses (USD)	Plant and equipment	Assets under construction	Mineral properties	Computer software	Total
Balance December 31, 2022	**(3,187,125)**	**-**	**(3,611,623)**	**(50,187)**	**(6,848,935)**
Additions	(1,001,539)	-	(945,196)	(1,578)	(1,948,313)
Impairment loss	(7,615,430)	(182,487)	(5,346,461)	-	(13,144,378)
Disposals	-	-	277,394	-	277,394
Effect of foreign currency exchange differenc	(308,787)	(4,113)	(268,452)	(1,841)	(583,193)
Balance December 31, 2023	**(12,112,881)**	**(186,600)**	**(9,894,338)**	**(53,606)**	**(22,247,425)**
Additions	(279,026)	-	(296,707)	(784)	(576,517)
Effect of foreign currency exchange differenc	384,242	5,875	314,570	1,699	706,386
Balance June 30, 2024	**(12,007,665)**	**(180,725)**	**(9,876,475)**	**(52,691)**	**(22,117,556)**

Net Book Value (USD)	June 30, 2024	December 31, 2023
Plant and equipment	5,229,852	5,686,344
Assets under construction	398,251	136,260
Mineral properties	3,571,767	3,992,134
Computer software	1,008	1,842
Total Net	**9,200,878**	**9,816,580**

On July 26, 2023, Electric Royalties exercised its option to increase its existing 0.75% gross revenue royalty on the production of the Penouta Project (see Note 5) by a further 0.75% in exchange for a cash payment of $947,750 (CA$1,250,000). Electric Royalties now holds an aggregate 1.5% gross revenue royalty on the production of the Penouta Project. Upon receipt by Electric Royalties of CA$1,666,667 in aggregate royalty revenues, the royalty rate will be reduced to 1.25%. Upon receipt by Electric Royalties of CA$3,333,334 in aggregate royalty revenues, the royalty rate will be reduced to 1.0%.

The royalty expense of $nil was recorded under other operating expenses on the statement of operations for the three and six months ended June 30, 2024 (2023 - $34,680 and $52,149 respectively).

The Gross Revenue Royalty Transaction including both January and July sales resulted in a gain on partial disposal of the interest in the Penouta Project, determined as follows:

(Expressed in U.S. Dollars) (Unaudited)

		January 2023		July 2023		Total
Consideration received						
Cash consideration	$	738,900	$	947,750	$	1,686,650
Fair value of 500,000 common shares of Electric Ro		129,308		-		129,308
Total consideration received		868,208		947,750		1,815,958
Net book value of assets disposed		338,829		308,820		647,649
Gain on sale of assets	$	529,379	$	638,930	$	1,168,309

The Company estimated the portion of cost and resulting gain by comparing the expected life of mine value prior to and after applying the effects of the royalty and reducing the net book value of the mineral properties a corresponding proportion.

Impairment testing

In 2023, the operations at the Penouta Project was suspended (Note 1) and the Company's share price declined such that the carrying value of its net assets exceeded its market capitalization. Also on March 19, 2024, the Company entered into a business combination agreement where all of the issued and outstanding common shares in the capital of the Company would be acquired by a IberAmerican Lithium Corp. (Note 1) and as a result, the Company performed an impairment test and recorded an impairment loss of $13,144,378 as the recoverable amount of the assets is less than their carrying amount as of December 31, 2023. The recoverable amount of the assets was estimated based on their fair value less cost of disposal ("FVLCD"). The FVLCD was determined using the assumptions from the proposed business combination agreement.

There were no indications of impairment losses assessed by the Company as of June 30, 2024 and as a result, no impairment losses were recorded in the six month ended June 30, 2024.

7. RIGHT-OF-USE ASSETS

The Company has certain leases related to premises and land. The leases are for terms through 2025.

(Expressed in U.S. Dollars) (Unaudited)

Right-of-Use Assets (USD)	Total
Balance, December 31, 2022	**547,233**
Additions	**25,413**
Effect of foreign currency exchange differences	20,257
Balance, December 31, 2023	**592,903**
Additions	25,399
Effect of foreign currency exchange differences	(44,110)
Balance, June 30, 2024	**574,192**

Accumulated Depreciation Right-of-Use Assets (USD)	Total
Balance, December 31, 2022	**(372,544)**
Amortization	(48,771)
Effect of foreign currency exchange differences	(18,957)
Balance, December 31, 2023	**(440,272)**
Amortization	(29,091)
Effect of foreign currency exchange differences	14,164
Balance, June 30, 2024	**(455,199)**

Net Book Value (USD)	June 30, 2024	December 31, 2023
Right-of-use assets	118,993	152,631
Total - net	**118,993**	**152,631**

8. INVENTORIES

Inventories comprise the following:

Inventories (USD)	June 30, 2024	December 31, 2023
Finished goods	16,061	17,002
Materials and supplies	421,795	436,647
Total	**437,856**	**453,649**

The finished goods as at June 30, 2024 contained concentrate of tin and tantalum in the amount of $16,061 and $nil, respectively (December 31, 2023 - $17,002 and $nil), valued at cost. There were no write-downs recognized during the six months ended June 30, 2024 and 2023.

Materials and supplies as at June 30, 2024 were carried at the net realizable value, and the provisions recorded to reduce materials and supplies to net realizable value was $526,471 as at June 30, 2024 (December 31, 2023 - $543,627).

Inventories recognized as expenses during the three and six months ended June 30, 2024 is $(410) and $nil, respectively (June 30, 2023 - $52,065 and $637,090, respectively).

(Expressed in U.S. Dollars) (Unaudited)

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are composed of the following:

Trade and other receivables (USD)	June 30, 2024	December 31, 2023
Trade receivables	-	56,405
Other tax receivables	245,365	511,026
Total	**245,365**	**567,431**

The amount of other tax receivables principally comprises receivables from taxation authorities for harmonized sales tax (HST) and value-added tax (VAT).

10. LONG-TERM LIABILITIES

The table below summarizes the outstanding obligations as at June 30, 2024 and December 31, 2023:

in USD	June 30, 2024	December 31, 2023
Bank loans	1,262,004	1,540,933
Government grants	368,302	385,058
Convertible debentures - loan	841,079	768,058
Promissory notes	1,082,488	1,068,512
IberAmerican note	1,106,370	-
Arrangements with suppliers	399,709	585,349
Lease liabilities	269,836	324,959
Total	5,329,788	4,672,869
Less: current portion	(4,485,461)	(2,757,990)
Long-term liabilities	**844,327**	**1,914,879**

Bank loans

The Company has loans with several financial institutions that are payable on a quarterly basis. The outstanding balances as at June 30, 2024 and December 31, 2023 are as follows:

June 30, 2024 (USD)	Starting Date	Due Date	Secured	Annual interest rate	Balance short-term	Balance long-term	Total
Loan (a)	October 2020	October 2025	No	2.00%	39,108	19,849	58,957
Loan (b)	October 2020	October 2025	No	2.00%	39,789	19,895	59,684
Loan (c)	October 2020	October 2025	No	2.00%	20,085	10,194	30,279
Loan (d)*	March 2020	December 2025	Secured	2.00%	683,439	278,184	961,623
Loan (e)	December 2020	September 2025	No	2.50%	54,196	11,321	65,517
Loan (f)	October 2020	April 2025	No	2.30%	32,349	-	32,349
Loan (g)	September 2020	October 2025	No	2.25%	40,332	13,263	53,595
Total					**909,298**	**352,706**	**1,262,004**

December 31, 2023 (USD)	Starting Date	Due Date	Secured	Annual interest rate	Balance short-term	Balance long-term	Total
Loan (a)	October 2020	October 2025	No	2.00%	39,982	40,787	80,769
Loan (b)	October 2020	October 2025	No	2.00%	41,086	41,086	82,172
Loan (c)	October 2020	October 2025	No	2.00%	20,534	20,947	41,481
Loan (d)*	March 2020	December 2025	Secured	2.00%	560,355	571,646	1,132,001
Loan (e)	December 2020	September 2025	No	2.50%	45,468	34,853	80,321
Loan (f)	October 2020	April 2025	No	2.30%	32,310	17,063	49,373
Loan (g)	September 2020	October 2025	No	2.25%	40,770	34,046	74,816
Total					**780,505**	**760,428**	**1,540,933**

*Secured against the total assets of SMS.

Convertible debentures

In October 2022, the Company closed a convertible debenture offering for aggregate gross proceeds of CA$1.167 million ($0.85 million). The Company issued 1,167.50 convertible debenture units (the "Debenture Units") at a price of CA$1,000 per Debenture Unit. The Company paid legal and transfer agent fees of $47,243 in cash, and issued 22.50 Debenture Units in satisfaction of a finder's fee.

Each Debenture Unit consisted of (i) one 10% senior unsecured convertible debenture having a face value of CA$1,000, convertible into common shares of the Company at a conversion price of CA$0.25 per common share and maturing October 13, 2024; and (ii) 4,000 common share purchase warrants of the Company (each, a "2024 Warrant"). Each 2024 Warrant entitles the holder thereof to purchase one common share at a price of CA$0.25 per share until October 13, 2024. Interest on the convertible debentures is payable semi-annually on June 30 and December 31 in cash or common shares at the option of the holder.

On February 15, 2023 and June 30, 2023, the Company issued 163,625 and 328,331 common shares in satisfaction of interest payments of $6,101 and $18,599 respectively. The common shares were valued based on the volume weighted average price of the common shares for the ten (10) consecutive trading days preceding the applicable interest payment date. During the six months ended June 30, 2024, the Company paid interest of $50,975 in cash (June 30, 2023 - $25,491).

For accounting purposes, the convertible debentures are considered compound financial instruments and the equity conversion option was separately classified as equity as the number of shares upon conversion meet the fixed-for-fixed criteria.

The allocation of the Debenture Unit was calculated based on the relative fair value of each of the components. The fair value of the 2024 Warrants and the conversion option of the convertible debentures were determined using the Black-Scholes pricing model which included an expected volatility of 107% based on the volatility of comparable companies, a risk-free interest rate of 4.07%, share price of CA$0.14, exercise price of CA$0.25, an estimated life of 2 years and an expected dividend yield of 0%.

The fair value of the debenture unit was first allocated to the host debt amounting to $437,674. The residual amount was allocated on a relative fair value basis amounting to $206,973 for the conversion option and $204,973 for warrants. The convertible debentures are being accreted using the Effective Interest Rate (EIR) method using an effective interest rate of 38%.

As for the finder's fees paid in Debenture Units, the relative fair value of the convertible debentures, the equity conversion option and the 2024 Warrants and are determined to be

$8,311, $3,993 and $3,993, respectively.

As at June 30, 2024, the outstanding balance of the convertible debentures was $841,079 (December 31, 2023 - $768,058).

Interest accrued on the convertible debentures amounted to $44,681 as at June 30, 2024 (December 31, 2023 - $27,183) and was included in trade and other payables on the condensed interim consolidated statements of financial position.

During the three and six months ended June 30, 2024, accretion expenses of $50,831 and $97,834, respectively (June 30, 2023 - $42,732 and $109,159, respectively) were recorded as finance costs on the statement of operations related to the convertible debentures.

As part of the convertible debenture an amount of CA$730,000 ($538,740) was subscribed by directors and officers of the Company. As at June 30, 2024, the outstanding balance of convertible debentures held by directors and officers was $515,956 (December 31, 2023 - $471,161).

Promissory notes

On April 11, 2023, the Company's subsidiary, SMS, issued promissory notes (the "Notes") to Jaime Perez Branger and Miguel de la Campa, both directors or officers of the Company for an aggregate principal amount of $1.075 million. The Notes bear interest at a rate of 10% per annum and are set to mature on April 11, 2025. The Company paid legal fees of $16,627 in cash.

The principal amount of the notes shall be payable in scheduled payments of $134,375 beginning October 11, 2023 and further payment of $134,375 shall be made every three months thereafter until January 11, 2025, with a final payment in the amount of $268,750 on April 11, 2025. Interest shall accrue on a non-compounded basis and shall be paid quarterly in arrears. The fair value of the Notes on initial recognition was determined to be $972,599.

An additional consideration for providing the Notes, those directors and officers of the Company received an aggregate of 537,500 common share purchase warrants of the Company (each, a "2026 Warrant").

Each 2026 Warrant entitles the holder thereof to purchase one common share at a price of CA$0.06 per share until April 11, 2026.

The gross proceeds from the issuance were allocated to the Notes and the 2026 Warrants using the residual method, with proceeds being allocated to the Notes first based on the market value of the Notes at the time of the issuance. The fair value of the Notes was determined to be $989,226 and $85,774 was allocated as the value of the 2026 Warrants.

The Notes are being accreted using the Effective Interest Rate (EIR) method using an effective interest rate of 18%. As at June 30, 2024, the amortized balance of the Notes was $1,082,488 (December 31, 2023 - $1,068,512).

Interest accrued on the Notes amounted to $70,236 as at June 30, 2024 (December 31, 2023 - $41,976) and was included in trade and other payables on the consolidated statements of financial position.

During the six months ended June 30, 2024, accretion expenses of $27,655 (2023 - $5,024) were recorded as finance costs on the statement of operations related to the Note.

The Notes are secured by second ranking charges and security interests in, to and over all securities and other equity interest held by Strategic Minerals Europe Inc. in SMS.

IberAmerican Note

On March 20, 2024, in connection with the Proposed Transaction**,** Strategic and SMS executed a grid promissory note with IberAmerican (the “IberAmerican Note) for up to EUR 828,487 (887,310). The IberAmerican note bears interest at a rate of 8% per annum and is due on demand by IberAmerican upon or after the termination of the business combination agreement. On June 11, 2024, the line of credit was increased to up to CA$2,000,000 ($1,461,200). As of June 30, 2024, the outstanding balance of the promissory note is CA$1,514,331 ($1,106,370).

A director of the Company is a director, officer and shareholder of IberAmerican and one officer and one director of the Company are shareholders of IberAmerican. The shareholdings of such individuals do not individually or in the aggregate constitute control of IberAmerican.

Government grants

The Company has a government grant payable of $368,302 as of June 30, 2024 (December 31, 2023 - $385,058) to be repaid by February 1, 2028. During the six months ended June 30, 2024, a total repayment of $42,635 was made with respect to this grant (2023 - $78,125). The principal amount due in 12 months is $96,779 and has been recognized as a current liability as at June 30, 2024 (December 31, 2023 - $71,156).

Agreements with suppliers

The Company has agreed to defer payment with certain suppliers. Payments are scheduled in quarterly instalments until 2025.

(Expressed in U.S. Dollars) (Unaudited)

During the period ended June 30, 2024, the Company developed, and presented a restructuring plan directed at commercial suppliers with overdue debts totaling EUR 2,486,421 ($2,685,086) (the "Restructuring Plan").

The proposal addresses the entire sum of these debts, without interest, with payment terms as follows:

a) 40% of the debt will be paid on the earlier of two dates: within ten days before normal business operations resume, or by November 30, 2024.

b) The remaining 60% will be settled in 12 equal monthly installments, beginning two months after the initial 40% payment.

On May 3, 2024, the Company submitted the restructuring plan, approved by 90.45% of the affected commercial suppliers, to the corresponding court ("Juzgado de lo mercantil") which has homologated the plan to the entirety of the balance.

The expected repayments due to the agreement with suppliers are as follows:

Total payable (USD)	Due in days	Due in 180 days	Due in 270 days	Due in 1 year	Due in 1-2 years
2,662,957	-	-	1,065,183	266,296	1,331,478

Lease liabilities

Lease liabilities (USD)	
Lease liability as at December 31, 2022	**343,169**
Additions	36,692
Interest expense	11,216
Lease payments	(77,792)
Effect of foreign currency exchange differences	11,674
Lease liability as at December 31, 2023	**324,959**
Additions	-
Interest expense	2,642
Lease payments	(47,928)
Effect of foreign currency exchange differences	(9,837)
Lease liability as at June 30, 2024	**269,836**

The Company used a discount rate of 3% in determining the present value of lease payments.

(Expressed in U.S. Dollars) (Unaudited)

Lease liabilities (USD)	June 30, 2024	December 31, 2023
Current lease liabilities	110,748	109,678
Long-term portion of lease liabilities	159,088	215,281
Total	**269,836**	**324,959**

Scheduled future principal obligations of the Company as at June 30, 2024 are as follows:

Cash flow Obligation (USD) - undiscounted	1 year	1-3 years	More than 3 years	Total
Bank loans	931,000	355,304	-	1,286,304
Government grants	108,268	233,895	-	342,163
Convertible debentures - loan	869,414	-	-	869,414
Promissory notes	940,625	134,375	-	1,075,000
IberAmerican note	1,106,370	-	-	1,106,370
Arrangements with suppliers	338,700	63,394	-	402,094
Lease liabilities	58,617	60,376	-	118,993
Total	**4,352,994**	**847,344**	**-**	**5,200,338**

Scheduled future principal obligations of the Company as at December 31, 2023 are as follows:

Cash flow Obligation (USD) - undiscounted	1 year	1-3 years	More than 3 years	Total
Bank loans	805,296	780,975	-	1,586,271
Government grants	80,506	241,517	80,506	402,529
Convertible debentures - loan	-	899,759	-	899,759
Promissory notes	537,500	537,500	-	1,075,000
Arrangements with suppliers	382,086	224,154	-	606,240
Lease liabilities	134,534	354,887	10,543	499,964
Total	**1,939,922**	**3,038,792**	**91,049**	**5,069,763**

11. EXPENSES

(a) Employee expenses

Employee expenses (USD)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Wages and Salaries	125,775	681,474	227,151	1,262,147
Social Security	57,731	202,120	117,092	367,718
Severance and other social benefits	3,806	3,900	7,466	9,748
Total	**187,312**	**887,494**	**351,709**	**1,639,613**

The employee expenses incurred during the six-month ended June 30, 2024 comprised reduced labour force as a result of the suspension of operations.

(b) Other operating expenses

(Expressed in U.S. Dollars) (Unaudited)

Other operating expenses (USD)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Leases	8,502	71,679	31,552	183,089
Royalties (note 6)	34,938	34,680	34,938	52,149
Repairs and Maintenance	-	196,667	26,534	398,814
Professional services	306,700	416,303	725,197	994,136
Transportation	-	94	-	13,086
Insurance premiums	17,919	16,320	36,581	28,576
Banking and similar services	18,518	30,143	38,140	51,005
Advertising, publicity and public relations	3,223	4,912	8,108	11,459
Supplies (Electricity/Diesel)	283,710	748,164	391,864	1,317,932
Administrative	26,856	12,967	39,485	19,486
Other Services	38,311	146,259	107,817	255,616
Other Taxes	489	34,817	3,669	48,300
Total	**739,166**	**1,713,005**	**1,443,885**	**3,373,648**

12. SHARE CAPITAL

Authorized:

Common Shares: Unlimited

Issued:

	Common Shares #	Warrants #
Balance, December 31, 2022	**236,533,833**	**37,830,478**
Shares issued for debt settlement	1,017,000	-
Shares issued for services	272,727	-
Shares issued for interest on convertible debenture	491,956	-
Warrants issued	-	537,500
Balance, December 31, 2023	**238,315,516**	**38,367,978**
Shares issued for interest on convertible debenture	1,243,750	-
Balance, June 30, 2024	**239,559,266**	**38,367,978**

As at June 30, 2024, the Company has 239,559,266 common shares outstanding (December 31, 2023 – 238,315,516).

On February 27, 2023, the Company issued 272,727 common shares to a consultant at the closing market price at the date of issue (CA$0.09 per share).

Common shares issued in satisfaction of interest payments associated with the convertible debentures, represent the volume weighted average trading price of the Company's Common Shares for the ten consecutive trading days preceding the interest payment date. On February 15, 2023 and June 30, 2023, the Company issued 163,625 and 328,331 respectively, common shares in satisfaction of interest payments of $6,101 and $18,599 respectively to certain holders of the convertible debentures at a price of CA$0.05 and CA$0.075 per share respectively.

On December 31, 2023, the Company was authorized to issue 1,243,750 common shares in satisfaction of interest payment of $18,808 to certain holders of the convertible debentures at a price of CA$0.02. The shares were issued on January 2, 2024, and a total of $18,808 was recorded as shares to be issued on the consolidated statement of changes in equity (deficiency) as of December 31, 2023.

(Expressed in U.S. Dollars) (Unaudited)

On March 9, 2023, the Company issued 1,017,000 common shares at the closing market price of CA$0.09 per share in satisfaction of certain amounts owing to a supplier of the Company. A total of $7,520 was recorded as gain on settlement on the condensed interim consolidated statement of operations and comprehensive loss for the six months ended June 30, 2023.

Warrants

As at June 30, 2024 and December 31, 2023, the following warrants were outstanding:

Warrants	Grant Date	Expiry Date	Warrants Outstanding	Exercise Price (CA$)	Remaining Life (in years)
2026 Warrants (listed)	July 16, 2021	July 16, 2026	33,070,478	0.40	2.04
2024 Warrants (note 10)	October 13, 2022	October 13, 2024	4,760,000	0.25	0.29
2026 Warrants (note 10)	May 29, 2023	April 11, 2026	537,500	0.06	1.78
			38,367,978	0.38	1.82

Stock options

The Company has a rolling stock option plan (the “Plan’’) that authorizes the Board of Directors to grant incentive stock options to directors, officers, consultants and employees, with a maximum of 10% of the issued common shares reserved for issuance under the Plan. The maximum term for options is 10 years.

Stock option transactions are summarized as follows:

	Options #	Weighted average exercise price CA$
Options outstanding at December 31, 2022	13,815,000	0.25
Granted	5,695,000	0.085
Granted	600,000	0.035
Expired	(500,000)	0.25
Options outstanding at December 31, 2023 and June 30, 2024	19,610,000	0.20

On January 16, 2023, the Company granted a total of 5,695,000 stock options to certain directors, executive officers, management and consultants, exercisable at CA$0.085 per share and expiring on January 16, 2028. The options have a five-year term and vested immediately.

(Expressed in U.S. Dollars) (Unaudited)

The stock option fair value of $247,699 was determined using a Black-Scholes pricing model which included an expected volatility of 110% based on the volatility of comparable companies, a risk-free interest rate of 2.95%, share price of CA$0.075, exercise price of CA$0.085, an estimated life of five years and an expected dividend yield of 0%.

On September 11, 2023, the Company granted a total of 600,000 stock options to a director of the Company at CA$0.035 per share and expiring on September 11, 2028. The options have a five-year term and vested immediately.

The stock option fair value of $11,045 was determined using a Black-Scholes pricing model which included an expected volatility of 88% based on the volatility of comparable companies, a risk-free interest rate of 3.96%, share price of CA$0.035, exercise price of CA$0.035, an estimated life of five years and an expected dividend yield of 0%.

On December 7, 2023, 500,000 stock options expired unexercised.

As at June 30, 2024, the following options were outstanding and exercisable:

Grant Date	Expiry Date	Number of Stock Options	Number of Stock Options	Exercise Price (CA$)	Remaining Life (in years)
December 7, 2021	December 7, 2026	13,215,000	13,215,000	0.25	2.44
January 20, 2022	January 20, 2027	100,000	100,000	0.27	2.56
January 16, 2023	January 16, 2028	5,695,000	5,695,000	0.085	3.55
September 11, 2023	September 11, 2028	600,000	600,000	0.035	4.20
		19,610,000	19,610,000	0.20	2.82

13. DECOMISSIONING LIABILITIES

As at June 30, 2024, the Company recognized a provision for future estimated reclamation costs associated with the Penouta Project. The decommissioning liabilities are as follows:

Decommissioning liabilities (USD)	Total
Balance, December 31, 2022	**1,929,339**
Accretion	48,309
Effect of foreign currency exchange differences	70,487
Balance, December 31, 2023	**2,048,135**
Accretion	27,814
Effect of foreign currency exchange differences	(64,893)
Balance, June 30, 2024	**2,011,056**

As at June 30, 2024, the estimated carrying value of the liability of $2,011,056 (December 31, 2023 - $2,048,135), was discounted at a rate of 3.99% (December 31, 2023 – 4.01%).

The estimated total undiscounted future liability as at June 30, 2024 is $2,746,049 (December 31, 2023 - $2,835,533) and is expected to be incurred between 2027 and 2052.

(Expressed in U.S. Dollars) (Unaudited)

The underlying assumptions to the reclamation provision will be adjusted accordingly as the Company continues its mining operations as well as its exploration and development program.

14. RELATED PARTIES

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with related companies, which are recorded under the corresponding headings in the condensed interim consolidated statements of operations and comprehensive loss are as follows:

Expenses

The Company leases certain facilities from Sequoia Venture Capital S.L., a corporation controlled by a director; as at June 30, 2024 and December 31, 2023, the outstanding balance was $(5,557) and $2,783. During the six months ended June 30, 2024, a total of $17,520 was recorded as operating expenses (2023 - $21,437) (Note 11b).

During the six months ended June 30, 2024, the Company incurred professional fees of $8,990 (2023 - $8,990) from Salamanca Ingenieros S.L., a corporation beneficially owned by a director. As at June 30, 2024 and December 31, 2023, the outstanding balance was $nil.

Remuneration of directors and key management personnel of the Company for the three and six months ended June 30, 2024 and 2023 was:

Key Management Compensation (USD)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Management fees	75,998	132,191	142,937	252,678
Director fees	81,466	108,911	149,238	183,768
Share-based compensation	-	-	-	184,850
Total	**157,464**	**241,102**	**292,175**	**621,296**

Included in trade and other payables as at June 30, 2024 is director fees owing to directors of the Company in the amount of $124,314 (December 31, 2023 - $33,040). The amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Related Party Balances

On April 11, 2023, the Company's subsidiary, SMS, issued the Notes to the certain directors and officers of the Company for an aggregate principal amount of $1.075 million. As an additional consideration for providing the Notes, those directors and officers of the Company received an aggregate of 537,500 common share purchase warrants of the

Company. As at June 30, 2024, the outstanding balance of the Notes was $1.08 million (December 31, 2023 - $1.069 million) (Note 10).

See additional related party transactions with IberAmerican in Note 1 and 10.

15. FINANCIAL INSTRUMENTS AND RISK FACTORS

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at June 30, 2024 and December 31, 2023, the Company's investments measured at fair value, were classified as level 1 within the fair value hierarchy.

As at June 30, 2024 and December 31, 2023, carrying amounts of cash, trade and other receivables, trade and other payables, promissory notes and IberAmerican note on the condensed interim consolidated statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company’s credit risk is primarily attributable to cash. In general, the Company maintains its cash in financial institutions with high credit ratings. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash, and financial instruments included in trade and other receivables is remote.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, trade and other receivables are grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at June 30, 2024 and December 31, 2023 is $nil as the Company only transacts with a limited number of regular customers that it has trading history with and has not incurred a sustained trend of any credit losses since revenue began. As at June 30, 2024 and December 31, 2023, carrying amounts of the long term assets on the condensed interim consolidated statement of financial position approximate fair market value.

(b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. At June 30, 2024, the Company had cash of $12,821 (December 31, 2023 - $817,384) available to settle current liabilities of $8,904,721 (December 31, 2023 - $6,913,841). All of the Company's accounts payable included in the "Trade and other payables" balance have contractual maturities of less than 60 days.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company's treasury is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. The Company considers that the interest rate risk is not significant.

(ii) Foreign Exchange Risk

The Company's functional currencies are the CA and Euro, and major purchases and sales are transacted in CA and Euro. As at June 30, 2024, the Company holds USD balance of $(13,676) (December 31, 2023 – $26,026) in cash and USD balance of $1,082,488 (December 31, 2023 - $1,068,512) in promissory notes which are subject to foreign currency risk.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

16. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation and operation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the six months ended June 30, 2024 and 2023.

17. COMMITMENTS AND CONTINGENCIES

(a) Environmental

The Company's exploration and evaluation and production activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The exploitation concession underlying Section C of the Penouta Project requires the Company to provide a financial guarantee in the amount of EUR 3,243,371 ($3,473,651) to be established over the course of five years after the start of the exploitation. The total amount consists of the sum of two items, EUR 1,618,080 ($1,732,964) corresponding to compliance with the obligations related to the financing and viability of the mining works (4% of the investment budget), and EUR 1,625,291 ($1,740,687) corresponding to compliance with the restoration plan.

In September 2022, the Company entered into an agreement with a financial institution to provide a bank guarantee in the amount of EUR 1,943,138 ($2,081,101) on behalf of the Company to cover obligations required for Section C of the Penouta Project. Per the agreement, the Company is required to provide a deposit to the financial institution for the amount of EUR 2,000,000 ($2,142,000) to be paid as follows:

- On September 16, 2022 – EUR 800,000 ($856,800) (paid)
- On or before October 30, 2022 – EUR 300,000 ($321,300) (paid)
- On or before November 30, 2022 – EUR 400,000 ($428,400)
- On or before December 30, 2022 – EUR 500,000 ($535,500)

In November 2022, the financial institution agreed to extend the payments due in November 2022 and December 2022 to March 2023 and April 2023 respectively. A further extension has been requested, which is pending approval. There is no guarantee of said approval being granted.

The payments made in 2022 were recorded as guarantee and other deposits (non-current) on the condensed interim consolidated statements of financial position as of June 30, 2024 and December 31, 2023. On July 31, 2023 and August 22, 2023, the Company made a payment to the financial institution for the amount of EUR 70,000 ($74,970) and EUR 30,000 ($32,130), respectively.

(b) See notes 5 and 6 for the royalty agreement with Electric Royalties.

18. SEGMENTED DISCLOSURES

The Company currently operates in one operating segment, being the acquisition, exploration and evaluation and operation of mining properties in Spain. As at June 30, 2024 and December 31, 2023, all material non-current assets of the Company were located in Spain.

There were no sales generated for the three and six months ended June 30, 2024.

For the six months ended June 30, 2023, all sales were generated from the customers in Spain.

For the three months ended June 30, 2023 approximately 72% and 28% of the Company's total revenues were generated from two customers respectively.

For the six months ended June 30, 2023 approximately 61% and 27% of the Company's total revenues were generated from two customers respectively.

19. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing reported net loss by the weighted average number of common shares issued and outstanding for the reporting period.

Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants and vested stock options.

For the three month period ended June 30, 2023, 19,510,000 options and 38,367,978 warrants were excluded from the computation of diluted earnings per share, since the effect of conversion of these options and warrants would have been anti-dilutive. For the periods where the Company had a loss, options, warrants and the conversion option of the convertible debentures were considered anti-dilutive and excluded from the calculation of diluted loss per share.

20. SUBSEQUENT EVENTS

On July 19, 2024, the Company sold its 500,000 common shares in the capital of Electric Royalties for a total of CA$100,000.

On July 23, 2024, the Company announced the resignation of Gabriela Kogan as a director of the Company. In addition to being a member of the Board, Ms. Kogan served as a member of the audit and compensations committees.

On July 31, 2024, IberAmerican exercised its right to terminate the Amended and Restated BCA.