



**Alta Copper Corp. (formerly “Candente Copper Corp.”)  
Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended June 30, 2023 and 2022  
Expressed in United States Dollars, Unless Otherwise Stated**

### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Alta Copper Corp. (formerly “Candente Copper Corp.”), (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**Alta Copper Corp. (formerly “Candente Copper Corp.”)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in United States Dollars) - Unaudited**

	As at June 30, 2023	As at December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 496,619	\$ 341,115
Prepaid expenses and deposits	310,168	88,256
<b>Total current assets</b>	<b>806,787</b>	<b>429,371</b>
<b>Non-current assets</b>		
Receivables	71,525	42,180
Investment (note 3)	188,170	327,000
Right-of-use assets (note 4)	33,366	40,142
Advances towards Canadian projects (note 5)	93,938	85,119
Exploration and evaluation assets (note 5)	66,869,736	65,982,245
Equipment (note 6)	10,289	13,505
<b>Total assets</b>	<b>\$ 67,073,811</b>	<b>\$ 66,919,562</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 7 and 11)	\$ 573,948	\$ 688,748
Loans payable (note 8)	-	1,527,977
Lease liability (note 4)	14,882	14,882
<b>Total current liabilities</b>	<b>588,830</b>	<b>2,231,607</b>
<b>Non-current liabilities</b>		
Loans payable (note 8)	30,211	29,532
Lease liability (note 4)	24,740	31,345
<b>Total liabilities</b>	<b>643,781</b>	<b>2,292,484</b>
<b>Equity</b>		
Share capital (note 9)	92,983,395	89,128,989
Reserves (note 9)	15,122,548	15,359,962
Accumulated deficit	(40,675,913)	(39,861,873)
<b>Total equity</b>	<b>67,430,030</b>	<b>64,627,078</b>
<b>Total liabilities and equity</b>	<b>\$ 68,073,811</b>	<b>\$ 66,919,562</b>

*The accompanying notes to the consolidated financial statements are an integral part of these statements.*

Subsequent events (note 14)

**Approved on behalf of the Board:**

*(Signed)* "Steven Latimer" \_\_\_\_\_ Director

*(Signed)* "Giulio T. Bonifacio" \_\_\_\_\_ Director

**Alta Copper Corp. (formerly “Candente Copper Corp.”)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**Three and Six Months Ended June 30, 2023 and 2022**  
**(Expressed in United States Dollars) – Unaudited**

	<b>Three Months Ended June 30, 2023</b>	<b>Three Months Ended June 30, 2022</b>	<b>Six Months Ended June 30, 2023</b>	<b>Six Months Ended June 30, 2022</b>
<b>Operating expenses</b>				
Transfer agents and listing fees	\$ 18,900	\$ 7,467	\$ 89,427	\$ 25,299
OTC Listing Fees	-	-	25,266	-
Salaries and benefits	55,300	65,715	134,539	84,742
Audit, tax and accounting fees	18,226	19,574	36,561	80,979
Legal and financing costs	124,951	17,413	175,634	72,895
Business development	47,207	121,269	114,270	161,331
General and administrative	11,321	15,336	43,773	29,012
Amortization	3,769	7,229	7,538	15,584
	<b>279,674</b>	<b>254,003</b>	<b>627,008</b>	<b>469,842</b>
<b>Other expenses</b>				
Share-based compensation – stock options	-	304,119	28,084	1,118,829
Share-based compensation – deferred share units	32,867	41,215	64,332	94,235
Share-based compensation – restricted share units	59,865	-	90,179	-
Loss on settlement of debt	-	(202)	2,884	49,468
Gain on foreign exchange	(15,853)	22,999	(23,915)	(2,421)
Interest expense	6,865	16,347	24,523	17,634
<b>Loss before income tax</b>	<b>363,418</b>	<b>638,481</b>	<b>813,095</b>	<b>1,747,587</b>
Income tax payable	946	-	946	-
<b>Net loss</b>	<b>364,364</b>	<b>638,481</b>	<b>814,041</b>	<b>1,747,587</b>
<b>Other comprehensive loss / (income)</b>				
Change in fair value of investment (note 3)	50,033	50,406	131,307	102,224
Exchange difference on translation to presentation currency	(307,366)	(88,192)	(268,657)	(76,243)
	<b>\$ (257,333)</b>	<b>\$ (37,786)</b>	<b>\$ (137,350)</b>	<b>\$ 25,981</b>
<b>Total comprehensive loss</b>	<b>\$ 107,031</b>	<b>\$ 600,695</b>	<b>\$ 676,691</b>	<b>\$ 1,773,568</b>
<b>Loss per share attributable to shareholders</b>				
<b>Basic and diluted</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.01</b>	<b>\$0.03</b>
<b>Weighted average number of common shares</b>				
<b>Outstanding: basic and diluted</b>	<b>74,839,959</b>	<b>67,422,5400</b>	<b>72,581,916</b>	<b>67,297,311</b>

*The accompanying notes to the consolidated financial statements are an integral part of these statements*

**Alta Copper Corp. (formerly “Candente Copper Corp.”)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**Six Months Ended June 30, 2023 and 2022**  
**(Expressed in United States Dollars) - Unaudited**

	<b>Six Months Ended June 30, 2023</b>	<b>Six Months Ended June 30, 2022</b>
<b>Operating activities</b>		
Net loss for the period	\$ (814,041)	\$ (1,747,587)
<b>Adjustments for:</b>		
Amortisation	7,538	15,584
Share-based payments – stock options	28,084	1,118,829
Share-based payments – deferred share units	64,332	94,235
Share-based payments – restricted share units	90,179	-
Loss on settlement of debt	2,884	49,468
Interest expense	-	2,435
Unrealised foreign exchange differences	19,852	60,485
<b>Changes in non-cash working capital items:</b>		
Accounts receivables	(29,345)	3,352
Prepaid expenses and other receivables	(221,912)	(87,739)
Accounts payable and accrued liabilities	(39,851)	66,547
<b>Net cash provided by (used) in operating activities</b>	<b>\$ (892,280)</b>	<b>(424,391)</b>
<b>Investing activities</b>		
Addition to exploration and evaluation assets	(714,236)	(619,847)
Advance payment – Canyon Creek	(8,819)	(18,242)
Change in value added taxes paid	(203,302)	-
<b>Net cash used in investing activities</b>	<b>\$ (926,357)</b>	<b>\$ (638,089)</b>
<b>Financing activities</b>		
Issuance of common shares for cash, net of issuance costs	3,509,652	194,266
Repayment of short term loan	(1,543,902)	790,882
Interest paid	17,658	-
Principle repayments on lease liability	(9,267)	(9,395)
<b>Net cash provided by financing activities</b>	<b>\$ 1,974,141</b>	<b>\$ 975,753</b>
<b>Net increase/(decrease) in cash</b>	<b>155,504</b>	<b>(86,727)</b>
<b>Cash, beginning of period</b>	<b>341,115</b>	<b>170,218</b>
<b>Cash, end of period</b>	<b>\$ 496,619</b>	<b>\$ 83,491</b>

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**Alta Copper Corp. (formerly “Candente Copper Corp.”)  
Condensed Interim Consolidated Statements of Changes in Equity  
Six Months Ended June 30, 2023 and 2022  
(Expressed in United States Dollars) - unaudited**

	Number of Shares	Share Capital	Reserves					Deficit	Total
			Equity settled employee compensation and warrants	Contributed surplus	Foreign currency	Available for sale assets			
<b>Balance, December 31, 2021</b>	<b>66,635,487</b>	<b>\$ 88,482,043</b>	<b>\$ 14,021,685</b>	<b>\$ 45,346</b>	<b>\$ (405,004)</b>	<b>\$ 422,663</b>	<b>\$ (37,150,084)</b>	<b>\$ 65,416,649</b>	
Share based payments - stock options	-	-	1,118,829	-	-	-	-	1,118,829	
Common shares issued upon exercising stock options	645,000	352,797	(158,531)	-	-	-	-	194,266	
Shares issued to settle debts	142,053	102,945	-	-	-	-	-	102,945	
Change in fair value of investment	-	-	-	-	-	(102,224)	-	(102,224)	
Cumulative translation adjustment	-	-	-	-	76,243	-	-	76,243	
Net loss	-	-	-	-	-	-	(1,747,587)	(1,747,587)	
<b>Balance, June 30, 2022</b>	<b>67,422,540</b>	<b>\$ 88,937,785</b>	<b>\$ 14,981,983</b>	<b>\$ 45,346</b>	<b>\$ (328,761)</b>	<b>\$ 320,439</b>	<b>\$ (38,897,671)</b>	<b>\$ 65,059,121</b>	
<b>Balance, December 31, 2022</b>	<b>68,288,615</b>	<b>\$ 89,128,989</b>	<b>\$ 15,402,915</b>	<b>\$ 45,346</b>	<b>\$ (303,594)</b>	<b>\$ 215,295</b>	<b>\$ (39,861,873)</b>	<b>\$ 64,627,078</b>	
Shares issued via private placement, net	6,746,000	3,509,652	-	-	-	-	-	3,509,652	
Share based payments - stock options	-	-	28,068	-	-	-	-	28,068	
Share based payments - deferred share units	-	-	69,570	-	-	-	-	69,570	
Share based payments - restricted share units	-	-	91,966	-	-	-	-	91,966	
Shares issued upon exercising deferred share units	449,135	202,674	(202,674)	-	-	-	-	-	
Shares issued upon exercising restricted share units	227,433	98,760	(98,760)	-	-	-	-	-	
Shares issued to settle debts	83,057	43,320	-	-	-	-	-	43,320	
Change in fair value of investment	-	-	-	-	-	(131,307)	-	(131,307)	
Cumulative translation adjustment	-	-	-	-	5,724	-	-	5,724	
Net loss	-	-	-	-	-	-	(814,041)	(814,041)	
<b>Balance, June 30, 2023</b>	<b>75,794,240</b>	<b>\$ 92,983,395</b>	<b>\$ 15,291,085</b>	<b>\$ 45,346</b>	<b>\$ (297,870)</b>	<b>\$ 83,988</b>	<b>\$ (40,675,913)</b>	<b>\$ 67,430,030</b>	

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**Alta Copper Corp. (formerly “Candente Copper Corp.”)**  
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**Six Months Ended June 30, 2023 and 2022**  
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**1. Nature of operations and going concern**

Candente Copper Corp. and its subsidiaries (the “Company”) are engaged in the exploration of its mining properties located in Peru. Its principal property is the Cañariaco Copper Project in the District of Lambayeque. The Company was incorporated on May 1, 1997 under the Business Corporation Act of British Columbia and its principal office is located at Suite 801-1112 West Pender Street, Vancouver British Columbia, V6E 2S1.

The principal subsidiaries of the Company are as follows:

<b>Subsidiary name</b>	<b>Interest held as at March 31, 2023</b>	<b>Functional currency</b>
Cañariaco Copper Peru S.A. (“Cañariaco”)	100%	US Dollars
Cañariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Cobrizo Metals Corp.	100%	CDN Dollars
Candente Resource (BVI) Corp.	100%	US Dollars
Cobrizo Metals Peru S.A.	100%	US Dollars

The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) and the Lima Stock Exchange under the trading symbol “DNT”. The Company’s share options and warrants are not listed.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations 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. For the six months ended June 30, 2023, the Company incurred a net loss of \$814,041. As at June 30, 2023, the Company had \$40,675,913 in cumulative losses since inception and working capital of \$217,957 (December, 31, 2022 excess of current liabilities over current assets \$1,802,236).

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds. The Company can consider raising additional funds by way of the issuance of securities, sale of a project royalty interest, project streaming arrangement, project joint venture and divestiture of non-core assets. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors are material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

**2. Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS issued by the IASB.

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**3. Investment**

As at June 30, 2023, the Company held 5,536,373 (December 31, 2022 - 5,536,373) shares of Xali Gold Corp. (“Xali Gold”), a company with common officers and directors. The closing share price was Cdn\$0.045 (December 31, 2022 - Cdn\$0.080) and the fair value of the Company’s investment in Xali Gold is \$188,170 (December 31, 2022 - \$327,000). During the six months ended June 30, 2023, the Company recognized an unrealized loss on investments of \$131,307, (six months ended June 30, 2022, gain - \$102,224) that was included in other comprehensive loss.

**4. Right-of-use asset and lease liability**

The right-of-use asset consists of a lease for office space.

<b>Balance, December 31, 2021</b>	<b>\$ 58,971</b>
Depreciation	(15,683)
Foreign exchange movements	(3,146)
<b>Balance, December 31, 2022</b>	<b>\$ 40,142</b>
Depreciation	(7,538)
Foreign exchange movements	762
<b>Balance, June 30, 2023</b>	<b>\$ 33,366</b>

The lease liability was measured at the present value of the remaining lease payments and discounted using the Company’s estimated incremental borrowing rate of 8% per annum.

As at June 30, 2023 the Company’s lease liability is as follows:

<b>Balance, December 31, 2021</b>	<b>\$ 63,924</b>
Interest	4,482
Lease payments	(18,638)
Foreign exchange movements	(3,541)
<b>Balance, December 31, 2022</b>	<b>\$ 46,227</b>
Interest	1,733
Lease payments	(9,267)
Foreign exchange movements	927
<b>Balance, June 30, 2023</b>	<b>\$ 39,622</b>

<b>Allocated as:</b>	<b>As at June 30, 2023</b>	<b>As at December 31, 2022</b>
Current	\$ 14,882	\$ 14,882
Long-term	24,740	31,345
	<b>\$ 39,622</b>	<b>\$ 46,227</b>



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**5. Exploration and Evaluation Assets**

	<b>Balance as at January 1, 2023</b>	<b>Additions / (Disposals)</b>	<b>Balance as at June 30, 2023</b>
<b>Cañariaco Property, Lambayeque, Peru</b>			
Exploration and evaluation costs:			
Drilling	\$ 9,934,298	\$ 41,339	\$ 9,975,637
Environment, health and safety	1,677,395	47,222	1,724,617
General exploration and development	10,433,313	160,069	10,593,382
Engineering studies	11,150,729	125,881	11,276,610
Field support including project management	23,287,414	69,762	23,357,176
<b>Total exploration and evaluation costs</b>	<b>56,483,149</b>	<b>464,858</b>	<b>56,927,422</b>
Mineral and surface access rights	2,319,250	118,226	2,437,476
Community relations and social initiatives	5,011,251	147,120	5,158,371
	<b>63,813,650</b>	<b>730,204</b>	<b>64,523,269</b>
Option and royalty payments received	(505,921)	-	(505,921)
	<b>\$ 63,307,729</b>	<b>\$ 730,204</b>	<b>\$ 64,017,348</b>
<b>Cobrizo Metals Peruvian properties</b>			
Exploration and evaluation costs:			
Drilling	359,350	-	359,350
Environment, health and safety	42,288	-	42,288
General exploration and development	706,826	-	706,826
Engineering studies	1,087	-	1,087
Field support including project management	63,429	4,632	68,061
Cost recoveries	(112,412)	-	(112,412)
<b>Total exploration and evaluation costs</b>	<b>1,060,568</b>	<b>4,632</b>	<b>1,065,200</b>
Mineral and surface access rights	\$ 511,607	\$ 48,940	\$ 560,547
Community relations and social initiatives	40,000	-	40,000
	<b>1,612,175</b>	<b>53,572</b>	<b>1,665,747</b>
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of exploration and evaluation assets	(466,359)	-	(466,359)
	<b>\$ 795,816</b>	<b>\$ 1,893</b>	<b>\$ 849,388</b>
<b>Total exploration and evaluation assets before value-added tax credit</b>	<b>\$ 64,103,545</b>	<b>\$ 763,191</b>	<b>\$ 64,866,736</b>
Value-added tax credit**	1,878,700	123,901	2,002,601
<b>Total exploration and evaluation assets</b>	<b>\$ 65,982,245</b>	<b>\$ 887,092</b>	<b>\$ 66,869,736</b>

\*\*Expenses incurred in Peru, including exploration expenses, are subject to Peruvian Value Added Tax (“VAT”). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

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	<b>Balance as at January 1, 2022</b>	<b>Additions / (Disposals)</b>	<b>Balance as at December 31, 2022</b>
<b>Cañariaco Property, Lambayeque, Peru</b>			
Exploration and evaluation costs:			
Drilling	\$ 9,858,863	\$ 75,435	\$ 9,934,298
Environment, health and safety	1,593,436	83,959	1,677,395
General exploration and development	10,181,567	251,746	10,433,313
Engineering studies	11,057,304	93,425	11,150,729
Field support including project management	23,261,881	25,533	23,287,414
<b>Total exploration and evaluation costs</b>	<b>55,953,051</b>	<b>530,098</b>	<b>56,483,149</b>
Mineral and surface access rights	2,214,083	105,167	2,319,250
Community relations and social initiatives	4,892,624	118,627	5,011,251
	<b>63,059,758</b>	<b>753,892</b>	<b>63,813,650</b>
Option and royalty payments received	(505,921)	-	(505,921)
	<b>\$ 62,553,837</b>	<b>\$ 753,892</b>	<b>\$ 63,307,729</b>
<b>Cobrizo Metals Peruvian properties</b>			
Exploration and evaluation costs:			
Drilling	\$ 358,297	\$ 1,053	\$ 359,350
Environment, health and safety	42,288	-	42,288
General exploration and development	706,826	-	706,826
Engineering studies	1,087	-	1,087
Field support including project management	52,309	11,120	63,429
Cost recoveries	(105,839)	(6,573)	(112,412)
<b>Total exploration and evaluation costs</b>	<b>1,054,968</b>	<b>5,600</b>	<b>1,060,568</b>
Mineral and surface access rights	453,490	58,117	511,607
Community relations and social initiatives	40,000	-	40,000
	<b>1,548,458</b>	<b>63,717</b>	<b>1,612,175</b>
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of exploration and evaluation assets	(466,359)	-	(466,359)
	<b>\$ 732,099</b>	<b>\$ 63,717</b>	<b>\$ 795,816</b>
<b>Total exploration and evaluation assets value-added tax credit</b>	<b>\$ 63,285,936</b>	<b>\$ 817,609</b>	<b>\$ 64,103,545</b>
Value-added tax credit**	1,799,976	78,724	1,878,700
<b>Total exploration and evaluation assets</b>	<b>\$ 65,085,912</b>	<b>\$ 896,333</b>	<b>\$ 65,982,245</b>

\*\*Expenses incurred in Peru, including exploration expenses, are subject to Peruvian Value Added Tax (“VAT”). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

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The Company has 100% interest in the (Don Gregorio) property which is a copper-gold porphyry target located in northern Peru 140 km NNE of Chiclayo in the department of Cajamarca. The property consists of one mineral claim totaling 900 hectares. The property is located approximately 40 km north of Candente Copper’s Cañariaco Norte Project. The Don Gregorio property is one of the projects held by Cobriza Metals Peru S.A. (“Cobriza”).

The Company entered into an Option Agreement on the Don Gregorio project with Forte Copper in 2017. In November 2020, the two companies entered into an Assignment Agreement which allows Forte Copper to move ahead with applications for drilling permits.

Under the Assignment and Option Agreements, Forte Copper has the right to earn a 60% interest in the Don Gregorio property by completing the following terms:

- Making payments of US\$500,000 to Candente; and
- Drilling 10,000 metres within three years of receiving drilling permits of which 5,000 metres must be drilled within two years; Forte Copper may pay \$100/metre cash in lieu of metres not drilled.

The term of the Assignment Agreement is for 5 years; if the 10,000 metres have not been drilled (including cash paid in lieu) by November 2025, then the property must be returned to Candente Copper.

To date, the Company has received payments totalling: US\$100,000 and reimbursements for fees for annual mineral rights totalling US\$95,796.52.

**Acquisition of Canyon Creek copper project:**

On May 26, 2021 the Company announced it has entered into an option agreement to acquire up to 100% interest in the Canyon Creek copper project in northwestern British Columbia (“BC”), Canada.

**Terms of the agreement**

The Company has entered into a legally binding Letter of Intent (“LOI”) with property owner Chris Baldys. The LOI provides for the following:

Acquire 100% Interest (subject to Royalty\*) by:

- Issuing a total of 1M shares over 5 years (by November 30, 2025)
- Funding exploration activities to keep the claims in good standing until December 2027 (approximately Cdn\$45,000 per year)

Of the above the following is a Firm Commitment:

- Issue 12,500 shares within 14 days of signing and receiving TSX approval (issued) (note 10);
- Issue an additional 12,500 shares by November 30, 2021 (issued);
- Issue an additional 25,000 shares by November 30, 2022 (issued); and
- Funding exploration activities totaling a minimum of \$42,000 by December 31, 2021. (achieved).

**\*Royalty:**

The Vendor will be granted a royalty equal to 1.5% of net smelter returns. The Company has the right to buy-back the first 0.5% for \$500,000 and the second 0.5% for an additional \$1.5M.

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**6. Equipment**

<b>Cost</b>	<b>Total</b>	
<b>Balance, December 31, 2021</b>	\$	<b>645,890</b>
Additions		-
<b>Balance, December 31, 2022</b>	\$	<b>645,890</b>
Additions		-
<b>Balance, June 30, 2023</b>	\$	<b>645,890</b>

<b>Accumulated Depreciation</b>	<b>Total</b>	
<b>Balance, December 31, 2021</b>	\$	<b>(590,035)</b>
Charge for the year		(42,350)
<b>Balance, December 31, 2022</b>	\$	<b>(632,385)</b>
Charge for the year		(3,216)
<b>Balance, June 30, 2023</b>	\$	<b>(635,601)</b>

<b>Carrying value</b>	<b>Total</b>	
Balance, December 31, 2021	\$	55,855
Balance, December 31, 2022	\$	13,505
<b>Balance, June 30, 2023</b>	\$	<b>10,289</b>

**7. Trade payables and accrued liabilities**

	<b>As at June 30, 2023</b>	<b>As at December 31, 2022</b>
Trade payables	\$ 399,775	\$ 433,748
Due to related parties	174,173	211,287
Accrued liabilities	-	43,713
	<b>\$ 573,948</b>	<b>\$ 688,748</b>

**8. Loans payable**

On April 29, 2022, the Company received a bridge loan in the aggregate principal amount of Cdn\$1 million from an arm’s length individual investor for a 12-month term at 10% to be repaid on maturity. The loan along with the interest was repaid upon maturity.

On September 22, 2022 Nascent Exploration Pty Ltd, a wholly-owned subsidiary of Fortescue Metals Group Ltd. (collectively “Fortescue”), provided a loan of Cdn\$1 million for a 12-month term at 10 per cent interest. On February 2, 2023 the Company closed a Private Placement with Fortescue for Cdn\$4,000,000, of which Cdn\$3,000,000 will be used for further development of the Company’s advanced-stage Cañariaco copper project. The remaining Cdn\$1,000,000 was used to repay the principal amount of the loan advanced and Fortescue agreed to waive all interest that had accrued (Note 9 (b)).

On April 29, 2020, the Company received a loan for gross proceeds of \$30,211 (Cdn\$40,000) under the Canada Emergency Business Account (“CEBA”) as part of the Canadian government funded COVID-19 financial assistance programs. The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

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On January 12, 2022 the government announced that the repayment deadline for the Canadian Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness has been extended from December 31, 2022 to December 31, 2023, for all eligible borrowers in good standing.

**9. Share capital and reserves**

**a) Authorized share capital**

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

**b) Common shares issued**

As at June 30, 2023, the Company had 75,794,240 (December 31, 2022 – 68,288,615) common shares issued and outstanding (note 14).

On May 19, 2023, the Company effected a consolidation of its capital on the basis of four (4) existing common shares for one (1) new common share. All shares, options, deferred share units and restricted share units and per share amounts were adjusted to reflect the consolidation ratio.

During the six months ended June 30, 2023, 7,505,625 common shares were issued.

<b>Balance, December 31, 2022</b>	<b>68,288,615</b>
Issued	7,505,625
<b>Balance, June 30, 2023</b>	<b>75,794,240</b>

The Company issued 6,051,556 Common Shares to Fortescue pursuant to the closing of a Private Placement for gross proceeds of Cdn\$4,357,120.

A further 694,444 Common Shares were also issued pursuant to the closing of a Private Placement for gross proceeds of Cdn\$500,000.

The Company issued 449,135 shares pursuant to the settlement of DSU’s and a further 227,433 shares were issued pursuant to the settlement of RSU’s.

Payment was made to a vendor in settlement of an outstanding balance by issuing 83,057 shares.

**c) Stock options**

The purpose of the Company’s stock option plan is to provide incentives to Directors, Officers, employees and consultants of the Company. The maximum number of common shares reserved for issuance upon exercise of the options is 10% of issued and outstanding shares. The Board of Directors may designate the recipients of options and determine the number of common shares covered by each option, its exercise price (which may not be less than closing market price of the common shares on the trading day prior to the grant) and its expiry date. The term of the options shall not exceed five years from the date of grant.

Option pricing models require the input of highly subjective assumptions as noted above. Changes in the subjective input assumptions can materially affect the fair value estimate.

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The following table reflects the continuity of stock options for the six months ended June 30, 2023:

	Number of Stock Options	Weighted Average Exercise price
<b>Balance, December 31, 2021</b>	<b>3,812,500</b>	<b>\$ 0.32</b>
Issued	2,418,750	0.80
Exercised	(1,307,500)	(0.24)
Cancelled	(42,500)	(0.20)
<b>Balance, December 31, 2022</b>	<b>4,881,250</b>	<b>\$ 0.55</b>
Cancelled	(756,250)	(0.66)
<b>Balance, June 30, 2023</b>	<b>4,125,000</b>	<b>\$ 0.53</b>

Fair value at grant date of the stock options was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The weighted-average assumptions used for the Black-Scholes option-pricing model of stock options granted during the period are as follows:

	As at June 30, 2023	As at December 31, 2022
Risk-free interest rate	2.35%	2.35%
Expected life of options	5 years	5 years
Annualized volatility	106.39%	106.39%
Dividend rate	Nil	Nil

The following table reflects the actual stock options issued and outstanding as at June 30, 2023:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
October 1, 2023	0.28	0.25	75,000	75,000
October 12, 2023	0.28	0.28	25,000	25,000
November 19, 2023	0.28	0.39	225,000	225,000
July 19, 2024	0.20	1.05	512,500	512,500
January 27, 2025	0.20	1.58	687,500	687,500
June 17, 2025	0.24	1.97	100,000	100,000
May 7, 2026	0.60	2.85	187,500	187,500
October 13, 2026	0.52	3.29	50,000	37,500
November 10, 2026	0.72	3.37	250,000	250,000
January 17, 2027	0.92	3.55	937,500	937,500
June 15, 2027	0.60	3.96	800,000	800,000
July 18, 2027	0.60	4.05	275,000	137,500
	<b>0.53</b>	<b>2.69</b>	<b>4,125,000</b>	<b>3,975,000</b>

**d) Warrants**

As at June 30, 2023 the Company had no outstanding warrants.

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**e) Reserves**

**Equity settled employee compensation and warrants reserve:**

The equity settled employee compensation and warrants reserve comprises stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

**Foreign currency reserve:**

The foreign currency reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company’s reporting currency.

**Available for sale assets:**

During the six months ended June 30, 2023, the Company recognized an unrealized loss on investments of \$131,307 (six months ended June 30, 2022 – \$102,224) that was included in other comprehensive loss. (Note 3).

**f) Deferred share units (“DSU’s”)**

The Company has a DSU plan for non-executive directors of the Company. Under the terms of the plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU plan, one common share in the Company, an equivalent cash payment or a combination thereof at the discretion of the Company. Shares eligible for issuance under the DSU plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date.

<b>Balance, December 31, 2021</b>	<b>493,891</b>
Granted	366,106
<b>Balance, December 31, 2022</b>	<b>859,997</b>
Settled	(449,135)
Granted	155,762
<b>Balance, June 30, 2023</b>	<b>566,624</b>

**g) Restricted share units (“RSU’s”)**

The Company has an RSU plan for officers and employees of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU plan, one common share in the Company, an equivalent cash payment or a combination thereof, at the discretion of the Company. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 5,000,000 common shares for issuance under the RSU plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

RSUs are measured at fair value on the date of grant based on the five-day volume weighted average price at the common shares immediately preceding the grant date and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

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<b>Balance, December 31, 2021</b>	<b>234,895</b>
Granted	507,904
Settled	(178,572)
<b>Balance, December 31, 2022</b>	<b>564,227</b>
Granted	198,233
Settled	(227,433)
<b>Balance, June 30, 2023</b>	<b>535,027</b>

**10. Commitments**

**Community engagement and initiatives**

On July 8, 2012, the Company signed a land use agreement with the community of San Juan de Cañaris, by which the community authorized the Company to use the land for exploration purposes. The Company has committed 1,500,000 soles (\$550,000) to fund sustainable development programs subject to specific project approval by a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010), however, the committee was not formed in time to approve all of these expenditures. The Company also committed to issue 250,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

**11. Related party transactions**

Key management consists of the Company’s directors, executive officers and senior management. Compensation includes amounts paid to these individuals and companies they control.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Salaries and benefits	\$ 74,430	\$ 25,724	\$ 148,860	\$ 47,396
Share based compensation	69,343	371,000	137,283	1,200,741
	<b>\$ 143,773</b>	<b>\$ 396,724</b>	<b>\$ 286,143</b>	<b>\$ 1,248,137</b>

Included in salaries and fees is \$92,421 (2022 - \$8,403) which was capitalized to exploration and evaluation assets.

During the six months ended June 30, 2023, the Company granted 155,762 DSUs (six months ended June 30, 2022 - 145,649) in consideration for directors’ fees.

During the six months ended June 30, 2023, the Company granted 198,233 RSUs (six months ended June 30, 2022 - nil) in consideration for management fees.

The amounts due to related parties included in trade payables and accrued liabilities are due to directors and officers of the Company (Note 8). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

See subsequent events (note 14).



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The outstanding balances with related parties were as follows:

	As at June 30, 2023	As at December 31, 2022
Trade payables and accrued liabilities	\$ 174,173	\$ 211,287
Loans payable	-	738,300
	<b>\$ 174,173</b>	<b>\$ 949,587</b>

## 12. Segmental information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (“CODM”) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company.

For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates performance of each segment based on net profit (loss).

The Company operates in one segment being the exploration of mineral properties in Peru. The Company operates in two geographical areas, being Peru and Canada. The most of the Company’s non-current assets are located in Peru.

## 13. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company’s management continually reviews the liquidity position including cash flow forecasts to determine the forecasted liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables, which are either past due or due within the next 12 months and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

The following table details the Company's contractual maturities for its financial liabilities as at June 30, 2023 and December 31, 2022, due by period:

	Carrying amount	Contractual Cashflows	0 to 12 month	More than 12 month
<b>As at June 30, 2023</b>				
Accounts payable and accrued liabilities	\$ 573,948	573,948	573,948	-
Loans payable	30,211	30,211	-	30,211
Lease liability	39,622	43,336	14,882	24,740
	<b>643,781</b>	<b>647,495</b>	<b>588,830</b>	<b>54,951</b>
<b>As at December 31, 2022</b>				
Accounts payable and accrued liabilities	\$ 688,748	688,748	688,748	-
Loans payable	1,557,509	1,643,887	1,527,977	29,532
Lease liability	46,227	69,866	14,882	31,345
	<b>2,292,484</b>	<b>2,402,501</b>	<b>2,231,607</b>	<b>60,877</b>

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**Currency risk**

Currency risk is the risk that arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currencies of the Company’s subsidiaries are the United States and Canadian dollars and certain of the subsidiaries’ transactions are denominated in Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered moderate.

**Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Cash is deposited in highly rated corporations and the credit risk associated with these deposits is low. As at June 30, 2023 and December 31, 2022, the Company’s maximum exposure to credit risk is the carrying value of its cash and receivables.

**Capital management**

The Company’s capital structure is comprised of the components of equity. The Company’s objectives when managing its capital structure is to maintain financial flexibility to preserve the Company’s access to capital markets and its ability to meet its financial obligations.

The Company’s corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company’s financial position including cash flow forecasts to determine future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to safeguard a secure, cost-effective supply of funds to ensure the Company’s operating and capital expenditure requirements are met. There were no changes in the Company’s approach to capital management during the year and the Company is not subject to any restrictions on its capital.

**Fair value hierarchy**

The consolidated statements of financial position carrying amounts for receivables and trade payables, approximate fair value due to their short-term nature. The receivable for sale of subsidiary is measured at amortized cost using the effective interest method and approximates fair value.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and investments fall under Level 1.

There were no transfers between levels during the period.

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**14. Subsequent events**

The following events have occurred subsequent to the period end.

- a) The Company upgraded its listing to the OTCQB market and commenced trading under the symbol ATCUF.
- b) Andrew Hamilton, a Fortescue nominee, joined the Board of Directors.