

METALLICA METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For The Three Months Ended July 31, 2023 and 2022

(Unaudited – Prepared by Management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Metallica Metals Corp. (the "Company") have been prepared by and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

METALLICA METALS CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

As at,	Notes	July 31, 2023	April 30, 2023
ASSETS			
Current assets			
Cash		\$ 175,013	\$ 211,518
Receivables	3	30,758	26,441
Prepaid expenses	4	26,821	19,309
Total current assets		232,592	257,268
Non-current assets			
Exploration and evaluation assets	5	4,240,002	2,905,002
TOTAL ASSETS		\$ 4,472,594	\$ 3,162,270
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		\$ 125,194	\$ 118,559
Loans payable	5	11,040	10,880
Due to related parties		-	6,525
Total current liabilities		136,234	135,964
EQUITY			
Share capital	8	48,719,650	47,359,650
Reserves	8	3,023,111	3,023,111
Deficit		(47,406,401)	(47,356,455)
TOTAL EQUITY		4,336,360	3,026,306
TOTAL LIABILITIES AND EQUITY		\$ 4,472,594	\$ 3,162,270

Nature and continuance of operations (Note 1)

Approved by the Board of Directors on September 18, 2023

"John Jentz"

Director

"Carly Burk"

Director

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

METALLICA METALS CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

		For the three months ended	
	Notes	July 31, 2023	July 31, 2022
EXPENSES			
Consulting and management fees	7	\$ 15,000	\$ 98,874
Filing and transfer agent fees		10,780	13,511
Marketing		-	4,815
Office and miscellaneous		13,057	4,433
Professional fees		14,607	35,020
Total expenses		(53,444)	(156,653)
OTHER ITEMS			
Impairment of exploration and evaluation assets	5	(25,000)	-
Gain on reversal of trade payables and accrued liabilities		28,676	-
Foreign exchange loss		(18)	(42)
Finance expenses		(160)	(664)
Interest income		-	1,009
Flow-through share premium recovery		-	6,772
Total other items		3,498	7,075
Net and comprehensive loss for the period		\$ (49,946)	\$ (149,578)
Loss per common share – basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		39,470,766	14,433,029

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

METALLICA METALS CORP.

Condensed Interim Consolidated Statements of Shareholders' Equity

For the three months ended July 31, 2023 and July 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital \$	Reserves \$	Deficit \$	Total Equity \$
Balance – April 30, 2022	14,428,273	44,418,008	3,023,111	(38,607,867)	8,833,252
Shares issued for acquisition	216,435	21,642	-	-	21,642
Net comprehensive loss for the period	-	-	-	(149,578)	(149,578)
Balance – July 31, 2022	14,644,708	44,439,650	3,023,111	(38,757,445)	8,705,316
Balance – April 30, 2023	32,644,679	47,359,650	3,023,111	(47,356,455)	3,026,306
Shares issued for acquisition	8,000,000	1,360,000	-	-	1,360,000
Net comprehensive loss for the period	-	-	-	(49,946)	(49,946)
Balance – July 31, 2023	40,644,679	48,719,650	3,023,111	(47,406,401)	4,336,360

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

METALLICA METALS CORP.

Condensed Interim Consolidated Statements of Cash Flows

For the Three months Ended July 31, 2023 and July 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	July 31, 2023	July 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	\$ (49,946)	\$ (149,578)
Items not involving cash		
Accrued interest expense	160	664
Impairment of exploration and evaluation assets	25,000	-
Gain on reversal of trades payable and accrued liabilities	(28,676)	-
Accrued interest income	-	(1,009)
Flow-through share premium net recovery	-	(6,772)
Changes in non-cash working capital items		
Receivables	(4,317)	(25,555)
Prepaid expenses	(7,512)	(10,900)
Trade payables and accrued liabilities	35,311	(30,848)
Due to related parties	(6,525)	(4,606)
Net cash used in operating activities	(36,505)	(206,804)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	-	(86,208)
Net cash used in investing activities	-	(86,208)
Change in cash	(36,505)	(293,012)
Cash, beginning of the period	211,518	867,073
Cash, end of the period	\$ 175,013	\$ 574,061

Supplemental disclosure with respect to cash flows (Note 15)

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

METALLICA METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Metallica Metals Corp. (the “Company”) was incorporated under the Company Act of British Columbia on March 3, 1987 as Cameo Industries Corp. On December 14, 2020, the Company changed its name from Cameo Industries Corp. to Metallica Metals Corp. The Company is in the business of exploring mineral properties and has not yet generated revenues from operations. On June 15, 2020, the Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “CRU”. On December 17, 2020, the Company’s CSE symbol changed to “MM”. On February 2, 2021, the Company’s OTC symbol changed from “CRUUF” to “MTALF”. On February 17, 2022, the Company’s shares commenced trading on the OTCQB Venture Market (“OTCQB”) by the OTC Markets Group Inc. (“OTC Markets”). The listing to the OTCQB complements the Company’s previous receipt of DTC Eligibility. The Company’s common shares will continue to trade on the Canadian Securities Exchange (CSE) under the symbol “MM” and the Frankfurt Stock Exchange under the symbol “SY7P”.

The Company’s corporate office is located at 810-789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has working capital at July 31, 2023 of \$96,358 (April 30, 2023 – \$121,304) and a deficit of \$47,406,401 (April 30, 2023 – \$47,356,455). Management is aware of material uncertainties present that cast doubt upon the Company’s ability to continue as a going concern, the most significant of these being the Company’s ability to continue to obtain additional long-term financing and the continued financial support of the Company’s shareholders. The Company is considering a number of alternatives to secure additional capital from additional funding facilities or equity financing. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

If the going concern assumption is not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such amounts could be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of July 31, 2023.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

METALLICA METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

These unaudited condensed interim consolidated financial statements were approved by the board of directors on September 18, 2023.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

The unaudited condensed interim consolidated financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at April 30, 2023. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2023.

Basis of consolidation

Unaudited condensed interim consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the Company's unaudited condensed interim consolidated financial statements. Where control of an entity is obtained during a financial year, its results are included in the unaudited condensed interim consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its controlled wholly-owned subsidiaries, Labrador Cobalt Corp. ("Labrador Cobalt"), Forrest Kerr Resources Inc. ("Forrest Kerr"), 2743282 Ontario Inc., Chilean Cobalt Opportunity Corp. ("CCOC") and 2752300 Ontario Inc.

Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting years include:

- Stock-based awards and payments – the Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and reserves.

METALLICA METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2023 and 2022

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(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Significant estimates and assumptions (cont'd)

- Recoverability of the carrying value of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits associated with a project.
- Recoverability and measurement of deferred tax assets – In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.
- Decommissioning obligations - the provision for decommissioning obligations is based on numerous assumptions and judgements including the ultimate settlement amounts, inflation factors, risk free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning obligation, a corresponding adjustment is made to the property, plant and equipment.

Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include the following:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.
- The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.
- The provision for decommissioning obligations is based on numerous assumptions and judgements including the ultimate settlement amounts, inflation factors, risk free discount rates, timing of settlement and changes in the applicable legal and regulatory environments. To the extent future revisions to these assumptions impact the measurement of the existing decommissioning obligation, a corresponding adjustment is made to the property, plant and equipment.
- The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable assets and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. If deemed to be an asset acquisition, acquisition considerations are allocated to assets acquired and liabilities assumed on a relative fair value basis and no goodwill is recognized.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)Significant judgments (continued)

- The assessment of the likelihood for which certain of the Company's accounts remain payable requires significant judgement. In determining whether any contractual liability remains where no settlement or release arrangement exists, management applies the statute of limitations.

Newly adopted accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

3. RECEIVABLES

At July 31, 2023, receivables consisted of the following:

	July 31, 2023 \$	April 30, 2023 \$
Refundable tax credits	20,758	16,441
Proceeds from disposition of FortyTwo (Note 3)	10,000	10,000
Balance, end of the period	30,758	26,441

4. PREPAID EXPENSES

	July 31, 2023 \$	April 30, 2023 \$
Deposits and retainers	10,130	15,194
Insurance	16,691	4,115
Balance, end of period	26,821	19,309

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5. EXPLORATION AND EVALUATION ASSETS

Summary of exploration and evaluation assets for the three-months period ended July 31, 2022:

	Labrador Cobalt \$	Montreal Cobalt \$	MAX \$	Waswanipi- Saguenay \$	Total \$
Acquisition costs					
Balance, April 30, 2023	1	1	25,000	2,880,000	2,905,002
Additions	-	-	-	1,360,000	1,360,000
Impairment	-	-	(25,000)	-	(25,000)
Balance, July 31, 2023	1	1	-	4,240,000	4,240,002

Summary of exploration and evaluation assets for the year ended April 30, 2022:

	Saganaga Lake Gold \$	Thunder Bay \$	Labrador Cobalt \$	Montreal Cobalt \$	MAX \$	Waswanipi- Saguenay \$	Total \$
Acquisition costs							
Balance, April 30, 2022	2,660,085	2,617,000	1	1	685,000	-	5,962,087
Additions	161,642	-	-	-	-	2,880,000	3,041,642
Impairment	(2,821,727)	(2,617,000)	-	-	(660,000)	-	(6,098,727)
Balance, April 30, 2023	-	-	1	1	25,000	2,880,000	2,905,002
Exploration costs							
Balance, April 30, 2022	1,618,119	283,646	-	-	-	-	1,901,765
Geological/Geophysical	70,806	122,346	-	-	-	-	193,152
Licenses and filing	-	220	-	-	-	-	220
Impairment	(1,688,925)	(406,212)	-	-	-	-	(2,095,137)
Balance, April 30, 2023	-	-	-	-	-	-	-
Total April 30, 2023	-	-	1	1	25,000	2,880,000	2,905,002

Saganaga Lake Gold Project

On November 16, 2020, the Company entered into a share purchase agreement with 2752300 Ontario Inc. to acquire all the issued and outstanding common shares of 2752300 Ontario Inc., a privately-held corporation which had the option to acquire a 100% interest in the Saganaga Lake Gold Project located in the Thunder Bay Mining District of Ontario.

As a result of the 2752300 Ontario Inc. acquisition, the Company is granted the sole and exclusive right and option to acquire up to an undivided 100% interest in the Saganaga Lake Gold Property, through the underlying Benton Option Agreement, in accordance with the following:

- a.) in order to acquire a 70% interest (the “Initial Interest”) in the Saganaga Lake Gold Property (the “First Option”), the Company shall:
 - (i) pay Benton \$50,000 in cash (paid) and issue the greater of 1,000,000 common shares or 3% of the issued and outstanding common shares (issued as part of OntCo 1 acquisition) to Benton upon execution of the Option Agreement, such shares to be subject to an indefinite hold period;

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd.)

- (ii) within 12 months of the date of execution of the Option Agreement (“Effective Date”) pay Benton \$50,000 in cash (paid) and issue the greater of 1,000,000 common shares or 2% of the then issued and outstanding common shares to Benton (issued 1,248,177 shares with a fair value of \$337,008) as well as spend a minimum of \$200,000 on Qualified Expenditures (as defined in the Option Agreement); and
 - (iii) within 24 months of the Effective Date pay Benton \$50,000 in cash (paid) and issue the greater of 1,000,000 common shares or 1.5% of the then issued and outstanding common shares to Benton (issued) and have completed a further \$200,000 in Qualified Expenditures.
- b.) Upon the Company acquiring the Initial Interest in accordance with above, the Company must, within 30 days thereafter, give notice in writing to Benton as to whether it wishes to acquire an additional 30% in the Saganaga Lake Gold Property (the “Second Option”). The Company acquired the exclusive right to earn the Second Option as the Company paid Benton \$50,000 cash and issued 2,000,000 common shares to Benton and completed a further \$400,000 of Qualified Expenditures on the Saganaga Lake Gold Property.
- c.) In the event that the Company completes a resource calculation for the Saganaga Lake Gold Property in accordance with NI 43-101, the Company will issue Benton 1,000,000 common shares.

Certain claims are subject to 3% net smelter return royalty (NSR) of which up to 1.5% NSR can be purchased for \$500,000 for each 0.5% of the NSR, and certain claims are subject to 2% NSR of which 1% of the NSR can be purchased for \$1,000,000 for 1% NSR.

For the year ended April 30, 2023, the Company recorded an impairment loss of \$4,510,652 related to the Saganaga Lake Gold Project.

Thunder Bay Project

On August 18, 2020, the Company entered into a share purchase and sale agreement with 2743282 Ontario Inc. to acquire all the issued and outstanding common shares of OntCo 2, a privately-held corporation which is the registered and beneficial owner of the mineral claims located in the Thunder Bay Mining District of Ontario. The claims are subject to 2% NSR pursuant to a royal agreement dated February 18, 2020.

For the year ended April 30, 2022, the Company recorded an impairment loss of \$3,023,212 related to the Thunder Bay Project.

Big Mac Gold Project

On August 27, 2018, the Company entered into a share purchase agreement with the shareholders of Forrest Kerr to acquire all the issued and outstanding common shares of Forrest Kerr, a privately-held corporation which owns certain claims situated in British Columbia’s Golden Triangle. As of April 30, 2022, the Company has abandoned the project. For the year ended April 30, 2022, the Company recorded an impairment loss of \$1,383,890 related to the Big Mac Gold Project.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd.)Labrador Cobalt Project

On May 10, 2018, the Company entered into a share purchase and sale agreement with Phoenix Mining Corp. to acquire all the issued and outstanding common shares of Labrador Cobalt, a privately-held corporation which owns certain claims situated north of the Voisey's Bay mine in Newfoundland and Labrador.

During the year ended April 30, 2020, management determined that the Labrador Cobalt Project was impaired and accordingly wrote-off \$515,543 of acquisition costs included in exploration and evaluation assets.

Montreal Cobalt Project

On September 25, 2018, the Company entered into a share purchase agreement with the shareholders of CCOC to acquire all the issued and outstanding common shares of CCOC which owns certain claims situated in the Metropolitan Region of Chile.

During the year ended April 30, 2020, management determined that the Montreal Cobalt Project was impaired and accordingly wrote-off \$607,211 of exploration and evaluation assets. The write-off of Montreal Cobalt Project was comprised of \$577,000 for acquisition costs and \$30,211 of exploration and evaluation costs.

Max Mine Project

On March 6, 2019, the Company entered into a share purchase agreement to acquire all of the issued and outstanding common shares of FortyTwo which owns certain mineral claims of the MAX property located in British Columbia.

The Company entered into an agreement (the "NPI Agreement") dated May 3, 2021 with MX Gold Corp. ("MXG") pursuant to which the Company agreed to purchase MXG's 50% net profit interest ("NPI") on gross cash income from the MAX Project. On May 6, 2021, the Company closed the NPI Agreement. As consideration for the purchase of the NPI, the Company paid \$425,000 in cash and issued an aggregate of 1,000,000 common shares with a fair value of \$260,000.

On August 11, 2021, the Company sold all of the issued and outstanding shares of FortyTwo to Mega Moly. The Company retained the 50% NPI (Note 3).

During the year ended April 30, 2023, the Company recorded an impairment loss of \$660,000 (2022 - \$150,047) to a fair value of \$25,000 (2022 - \$685,000). During the period ended July 31, 2023, the Company recorded an impairment loss of \$25,000 (2022 - \$nil).

Waswanipi-Saguenay Project

The Company entered into a purchase agreement (the "Purchase Agreement") on March 8, 2023. Pursuant to the Purchase Agreement, the Company acquired 54 claims, representing approximately 3,024 hectares along the Waswanipi-Saguenay Zone in Quebec. As consideration, the issued 9,600,000 common shares (valued at \$1,440,000).

On April 17, 2023, the Company issued 8,000,000 common shares (valued at \$1,440,000) to acquire an additional 37 claims, which represent approximately 2,072 hectares.

In May 2023, the Company issued 8,000,000 common shares (valued at \$1,360,000) to acquire additional claims in the Waswanipi-Saguenay Zone.

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6. LOANS PAYABLE

	Three months ended July 31, 2023	Year ended April 30, 2023
Opening balance	\$ 10,880	\$ 38,440
Repayment of loans	-	(25,000)
Interest accrued	160	1,144
Interest forgiven	-	(3,704)
Closing balance	\$ 11,040	\$ 10,880

During the year ended April 30, 2019, the Company entered into loan agreements to receive a total of \$65,000. The loans were unsecured, bearing interest at 8% per annum, matured in six months after the effective date and the lender had the option to convert all or any portion of the loan into common shares of the Company at any time before the maturity date, at the maximum allowable discount. During the year ended April 30, 2019, the Company repaid the principal balance of \$57,000. As at April 30, 2022, these loans had matured and are no longer convertible. During the three-month period ended July 31, 2023, the Company accrued \$160 (2022– \$160) interest payable on the outstanding loan. The outstanding loan payable at July 31, 2023 was \$11,040 (April 30, 2023 – \$10,880).

7. RELATED PARTY TRANSACTIONS

The balance due to related parties comprise of the following:

Three months ended July 31,	2023		2022	
Management fees	\$	15,000	\$	51,000
Consulting fees		-		9,000
	\$	15,000	\$	60,000

(a) Management fees were comprised of \$nil (2022 – \$30,000) for the CEO, \$nil (2022 - \$21,000) for the President, and \$15,000 (2022 - \$nil) for the CFO.

(b) The Company recorded consulting fees of \$nil (2022 – \$9,000) for the former CFO and Corporate Secretary.

8. SHARE CAPITAL**(a) Authorized and issued**

Authorized: Unlimited common shares without par value.

Issued share capital:

At July 31, 2023, there were 40,644,679 issued and fully paid common shares outstanding.

Issued during the three months period ended July 31, 2023:

In May 2023, the Company issued an aggregate of 8,000,000 common shares with a fair value of \$1,360,000 as payment for the Waswanipi-Saguenay property (Note 5).

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8. SHARE CAPITAL (Cont'd.)**Issued during the year ended April 30, 2023:**

During the months of July and August 2022, the Company issued an aggregate of 616,424 common shares with a fair value of \$61,642 as an option payment on the Starr Gold-Silver project (Note 5).

During the months of March and April 2023, the Company issued an aggregate of 17,600,000 common shares with a fair value of \$2,880,000 as payment for the Waswanipi-Saguenay property (Note 5).

(b) Share purchase warrants

Outstanding share purchase warrants as at July 31, 2023 and April 30, 2023 were as follows:

Expiry	Price (\$)	Outstanding April 30, 2023	Granted	Exercised	Expired	Outstanding July 31, 2023
July 7, 2023	3.00	653,333	-	-	(653,333)	-
December 21, 2023	1.25	1,776,927	-	-	-	1,776,927
		2,430,260	-	-	-	1,776,927

The weighted average remaining contractual life of the warrants outstanding at July 31, 2023 was 1.25 years (April 30, 2023 – 0.34 years).

(b) Share options

The Company may grant incentive share options to its officers, directors, employees and consultants. The Company has implemented a fixed Share Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. The exercise price of share options is determined by the board of directors of the Company at the time of granting and may not be less than the greater of the closing market price of the shares on: (a) the last trading day immediately preceding the date of the grant of the option and; (b) the date of grant of the option; provided however, that if the shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Shares as may be determined by the board of directors on the day immediately preceding the date of the grant of such option. Options have a maximum term of five years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event.

A summary of the Company's outstanding share purchase options as at July 31, 2023 and the changes during the three-month period ended July 31, 2023 and year ended April 30, 2023 are presented below:

	Number of Options	Weighted Average Exercise Price \$
Balance, April 30, 2022	903,000	1.30
Expired	(3,000)	16.65
Balance, April 30, 2023	900,000	1.27

METALLICA METALS CORP.

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(Unaudited – Prepared by Management)

8. SHARE CAPITAL (Cont'd.)

Additional information regarding share options outstanding as at July 31, 2023 is as follows:

Exercise price	Outstanding and exercisable		Expiry Date
	Number of options	Weighted average remaining contractual life (years)	
\$ 0.775	180,000	2.38	December 15, 2025
\$ 2.400	40,000	2.50	January 28, 2026
\$ 1.550	480,000	2.81	May 21, 2026
\$ 0.800	200,000	3.39	December 21, 2026
	900,000	2.68	

(c) Reserves

The Company's reserves consist of the fair value determined on granting of share options and warrants until such time that the share options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(d) Loss per share

The warrants and share options outstanding at July 31, 2023 and 2022 were not included in the calculation of diluted loss per share because they are anti-dilutive for the periods presented.

(e) Restricted Stock Units and Deferred Share Units

The Company has adopted a Restricted Stock Unit ("RSU") plan and a Deferred Share Unit ("DSU") plan (collectively the "Plans"). The purpose of the Plans is to promote a further alignment of interests between directors, employees, consultants and shareholders. The purpose is also to associate a portion of a director's, employee's or consultant's compensation with the returns achieved by shareholders, and to attract and retain directors, employees and consultants with the knowledge, experience and expertise required by the Corporation.

As of July 31, 2023, the Company has no RSU and DSU outstanding.

9. SEGMENTED INFORMATION

The following table allocates total assets, liabilities, and comprehensive loss by geographic location:

July 31, 2023	Canada	Chile	Total
Total assets	4,472,594	-	4,472,594
Total liabilities	136,234	-	136,264
Total loss	49,946	-	49,946
April 30, 2023	Canada	Chile	Total
Total assets	3,162,270	-	3,162,270
Total liabilities	135,964	-	135,964
Total loss	8,748,345	243	8,748,588

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10. FINANCIAL INSTRUMENTS

Fair Value Measurement

The Company's financial instruments consisted of cash, loans receivable, receivables, trade payables and accrued liabilities, due to related parties and loans payable. The carrying value of these financial instruments approximates their fair value due to the short period of time to maturity.

Risk Disclosures

The Company's unaudited condensed interim consolidated financial instruments are exposed to foreign currency risk, credit risk, interest rate risk and liquidity risk.

Foreign currency risk

The Company incurs some expenses in US Dollars and is therefore exposed to variations in the foreign exchange rate. Management considers the foreign currency risk to be minimal, hence the Company does not use foreign currency hedges to manage this risk.

Credit risk

Credit risk reflects the risk that the Company may be unable to recover contractual receivables. A large portion of the Company's receivables are due from the Government of Canada. The Company is subject to credit risk on the amount receivable from the disposition of FortyTwo and the loans receivable. The Company is continuing to monitor its risk and management does not consider the credit risk to be significant at this point.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest-bearing bank accounts and interest on the Company's loans payable are based on fixed rates, management considers the interest rate risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. At July 31, 2023, the Company had \$175,013 cash to settle current liabilities of \$136,234. The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements to fund its operations. Management will consider securing additional funds through equity transactions, although there can be no guarantee that management will be successful in doing so. Management does not consider the liquidity risk to be significant at this point.

11. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity and loans. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive share options. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to management of capital remains unchanged for the three-month period ended July 31, 2023.

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12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transaction for the three-month period ended July 31, 2023:

- (a) Issued 8,000,000 common shares with a fair value of \$1,360,000 related to exploration and evaluation assets (Notes 5).