



Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended June 30, 2024 and 2023
Presented in Canadian dollars
(Unaudited)

O3 Mining

Table of Contents

STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS.....	4
STATEMENTS OF CHANGES IN EQUITY.....	5
STATEMENTS OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS	
1) Reporting entity.....	7
2) Basis of preparation	7
3) Marketable securities	8
4) Investment in associate	9
5) Property, plant and equipment.....	9
6) Exploration and evaluation assets	10
7) Leases	11
8) Restricted share unit plans and deferred share unit plans	11
9) Convertible debenture	12
10) Income taxes.....	13
11) Capital and other components of equity	13
12) Expenses	15
13) Related party transactions	16
14) Commitments.....	16

O3 Mining

Condensed Interim Consolidated Statements of Financial Position (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

As at	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 7,691	\$ 23,453
Other receivables	30	9
Advances and prepaid expenses	333	517
Taxes recoverable	1,853	869
Marketable securities (note 3)	20,687	6,901
Assets classified as held for sale (note 6(b))	1,138	-
Total current assets	31,732	31,749
Non-current assets		
Investment in associate (note 4)	-	18,688
Property, plant and equipment (note 5)	5,329	5,769
Exploration and evaluation assets (note 6)	212,976	205,681
Total non-current assets	218,305	230,138
Total assets	\$ 250,037	\$ 261,887
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,433	\$ 4,981
Current lease liabilities (note 7)	255	264
Accrued interest expense (note 9)	281	281
Total current liabilities	3,969	5,526
Non-current liabilities		
Flow-through premium liability (note 11(a))	1,016	2,072
Share-based payment liability (note 8)	2,919	3,206
Convertible debenture (note 9)	6,508	6,256
Non-current lease liabilities (note 7)	1,109	1,238
Deferred tax liability (note 10)	16,572	15,341
Total non-current liabilities	28,124	28,113
Total liabilities	32,093	33,639
Equity		
Share capital (note 11(a))	232,797	231,800
Contributed surplus (note 11(d))	20,125	20,085
Equity component of convertible debenture (note 9)	2,932	2,932
Accumulated deficit	(37,910)	(26,569)
Total equity attributed to equity holders of the Corporation	217,944	228,248
Total liabilities and equity	\$ 250,037	\$ 261,887

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

Commitments (note 14)

O3 Mining

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts) (Unaudited)

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Expenses/(income)				
Compensation expenses (note 12)	\$ 802	\$ 951	\$ 1,587	\$ 1,706
General and administration expenses (note 12)	839	647	1,759	1,279
General exploration expenses	201	-	208	-
Loss on impairment of exploration and evaluation assets (note 6(c))	2,077	-	2,077	-
Flow-through premium income (note 11(a))	(220)	(797)	(1,056)	(3,255)
Loss/(gain) from marketable securities (note 3)	340	1,167	407	(505)
Loss/(gain) on disposition of property, plant and equipment	289	-	289	(2)
Gain on disposition of exploration and evaluation assets (note 6(a))	-	-	(3)	-
Share of (gain)/loss of associate (note 4)	-	(737)	248	(490)
Loss on impairment of investments (note 4)	-	-	4,113	-
Loss/(income) before finance items and income tax	4,328	1,231	9,629	(1,267)
Finance income	(183)	(133)	(466)	(345)
Finance costs	469	62	929	105
Net finance loss/(income)	286	(71)	463	(240)
Loss/(income) before tax	4,614	1,160	10,092	(1,507)
Deferred income tax (recovery)/expense (note 10)	(516)	389	1,249	2,171
Current income tax expense	-	130	-	130
Total loss and comprehensive loss	\$ 4,098	\$ 1,679	\$ 11,341	\$ 794
Basic loss per share (note 11(b))	\$ 0.05	\$ 0.02	\$ 0.13	\$ 0.01
Weighted average number of shares (note 11(b))	87,985,302	74,630,374	87,806,547	74,630,949
Diluted loss per share (note 11(c))	\$ 0.05	\$ 0.02	\$ 0.13	\$ 0.01
Diluted weighted average number of shares (note 11(c))	87,985,302	74,630,374	87,806,547	74,630,949

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

O3 Mining

Condensed Interim Consolidated Statements of Changes in Equity (Tabular amounts expressed in thousands of Canadian dollars) (Unaudited)

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Equity component of convertible debenture	Contributed Surplus	Accumulated Deficit	Total
Balance January 1, 2024	87,293,655	\$ 231,800	\$ 2,932	\$ 20,085	\$ (26,569)	\$ 228,248
Loss for the period	-	-	-	-	(11,341)	(11,341)
Stock-based compensation	-	-	-	40	-	40
Shares issued under ATM offering (net of transaction costs (\$70)) (note 11(a))	169,700	178	-	-	-	178
Issuance of shares on exercise of RSUs (note 8)	90,000	142	-	-	-	142
Issuance of shares on exercise of DSUs (note 8)	281,226	409	-	-	-	409
Issuance of shares in consideration of interest due on debenture (note 9)	150,721	250	-	-	-	250
Deferred tax asset on share issue cost (note 10)	-	18	-	-	-	18
Balance June 30, 2024	87,985,302	\$ 232,797	\$ 2,932	\$ 20,125	\$ (37,910)	\$ 217,944

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Equity component of convertible debenture	Contributed Surplus	Retained Earnings	Total
Balance January 1, 2023	74,834,969	\$ 214,211	\$ -	\$ 19,571	\$ 7,542	\$ 241,324
Loss for the period	-	-	-	-	(794)	(794)
Stock-based compensation	-	-	-	281	-	281
Shares repurchased under normal course issuer bid	(210,100)	(335)	-	-	-	(335)
Equity instruments listing costs	-	(209)	-	-	-	(209)
Issuance of shares on acquisition of Kinebik Property	29,467	41	-	-	-	41
Deferred tax asset on share issue cost	-	55	-	-	-	55
Balance June 30, 2023	74,654,336	\$ 213,763	\$ -	\$ 19,852	\$ 6,748	\$ 240,363

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

O3 Mining

Condensed Interim Consolidated Statements of Cash Flows (Tabular amounts expressed in thousands of Canadian dollars) (Unaudited)

<i>For the period ended</i>	June 30, 2024	June 30, 2023
Cash flows provided by/(used in) operating activities		
Loss for the period	\$ (11,341)	\$ (794)
Adjustments for:		
Stock-based compensation (note 8 and note 11(d))	150	520
Depreciation (note 5)	59	60
Flow-through premium income (note 11(a))	(1,056)	(3,255)
Marketable securities loss/(gain) (note 3)	407	(505)
Loss/(gain) on disposition of property, plant and equipment (note 5)	289	(2)
Gain on disposition of exploration and evaluation assets (note 6)	(3)	-
Loss on impairment of exploration and evaluation assets (note 6)	2,077	-
Interest income	(466)	(345)
Interest expense on lease liabilities	39	47
Interest expense on convertible debenture (note 9)	752	13
Settlement of restricted share units (note 8)	-	(234)
Share of loss/(gain) of associate (note 4)	248	(490)
Loss on impairment of investments (note 4)	4,113	-
Deferred income tax expense (note 10)	1,249	2,171
	(3,483)	(2,814)
Change in items of working capital:		
Change in other receivables	(21)	479
Change in advances and prepaid expenses	184	54
Change in taxes recoverable	103	1,711
Change in accounts payable and accrued liabilities	(883)	(701)
Net cash used in operating activities	(4,100)	(1,271)
Cash flows provided by/(used in) investing activities		
Interest received	466	345
Acquisition of marketable securities (note 3)	(360)	(82)
Proceeds on disposition of marketable securities (note 3)	494	2,138
Acquisition of property, plant and equipment (note 5)	(126)	(1,597)
Addition to exploration and evaluation assets (note 6)	(11,994)	(11,405)
Proceeds on disposition of exploration and evaluation assets (note 6)	80	-
Proceeds on disposition of property, plant and equipment (note 5)	27	-
Acquisition of exploration and evaluation assets (note 9)	-	(69)
Net cash used in investing activities	(11,413)	(10,670)
Cash flows from/(used in) financing activities		
Interest paid	(250)	-
Repayment of lease liabilities (note 7)	(177)	(193)
Cash received on issuance of convertible debenture (note 9)	-	10,000
Equity instruments listing costs	-	(209)
Net cash received from ATM offering (note 11(a))	178	-
Net cash used in repurchasing shares under normal course issuer bid	-	(335)
Net cash (used in)/from financing activities	(249)	9,263
Decrease in cash and cash equivalents	(15,762)	(2,678)
Cash and cash equivalents, beginning of period	23,453	18,711
Cash and cash equivalents, end of period	\$ 7,691	\$ 16,033

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

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

1) Reporting entity

O3 Mining Inc. ("O3 Mining" or the "Corporation") is a Canadian corporation domiciled in Canada. The Corporation was incorporated under the laws of British Columbia and continued into Ontario on June 28, 2019 under the *Business Corporations Act* (Ontario). The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The Corporation is primarily in the business of acquiring, exploring, and developing precious metal mineral deposits in Canada.

The business of acquiring, exploring, and developing precious metal mineral deposits involves a high degree of risk. O3 Mining is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively O3 Mining's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that O3 Mining's funding initiatives will continue to be successful. The underlying value of the Corporation's mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of exploration and evaluation assets.

2) Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting, and are presented in thousands of Canadian dollars.

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2023.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors") on August 12, 2024.

b) Material accounting policies

The material accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2023.

c) Changes in IFRS accounting policies and future accounting pronouncements

Certain new accounting standards and interpretations were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2024. The Corporation has assessed those standards that are mandatory for years beginning January 1, 2024, and determined they are not applicable or do not have a significant impact on the Corporation. No standards have been early adopted in the current period.

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

2) Basis of preparation (continued)

d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

3) Marketable Securities

The Corporation holds shares and warrants in various public and private companies. During the three and six-month period ended June 30, 2024, these shares and warrants were fair valued, and this resulted in an unrealized loss of \$378,000 and of \$103,000, respectively (2023 – loss of \$1,044,000 and gain of \$266,000). The Corporation sold shares during the three and six-month period ended June 30, 2024, which resulted in a realized gain of \$38,000 and loss of \$304,000, respectively (2023 – loss of \$123,000 and gain of \$239,000).

The shares in the various public companies are classified as financial assets at fair value through profit or loss ("FVTPL") and are recorded at fair value using the quoted market price as at June 30, 2024 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as financial assets at FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities as at June 30, 2024:

<i>As at</i>	June 30, 2024
Balance, beginning of period	\$ 6,901
Additions	360
Reclassification from investment in associate (note 4)	14,327
Disposals	(494)
Realized loss	(304)
Unrealized loss	(103)
Balance, end of period	\$ 20,687

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

4) Investment in Associates

On February 9, 2024, STLLR Gold Inc. (formerly Moneta Gold Inc.) ("STLLR") and Nighthawk Gold Corp completed a previously announced merger. Accordingly, O3 Mining reclassified its investment in STLLR to a marketable security as at February 9, 2024, as it no longer meets the criteria for classification as an investment in associate.

As at February 9, 2024, prior to reclassification, the Corporation's investment in STLLR had a carrying value of \$18,440,000 as an investment in associate. Upon reclassification to a marketable security, the investment was revalued to fair value, resulting in a loss of \$4,113,000.

The equity accounting for STLLR, up until reclassification, is based on the results to December 31, 2023, adjusted for significant transactions between December 31, 2023 and February 9, 2024.

The following table summarizes information regarding the Corporation's investment in STLLR as at June 30, 2024:

As at	June 30, 2024
Balance, beginning of period	\$ 18,688
Share of loss for the period	(248)
Loss on impairment of investments	(4,113)
Reclassification to marketable securities	(14,327)
Balance, end of period	\$ -

5) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at June 30, 2024:

Class	June 30, 2024									
	Cost				Accumulated depreciation					
	Opening balance	Additions	Write-off / Disposals	Closing balance	Opening balance	Depreciation	Write-off / Disposals	Closing balance	Net book value	
Computer Equipment	\$ 238	\$ -	\$ -	\$ 238	\$ 156	\$ 12	\$ -	\$ 168	\$ 70	
Office Equipment	27	45	-	72	11	2	-	13	59	
Buildings	2,224	-	-	2,224	827	144	-	971	1,253	
Land	3,030	-	-	3,030	-	-	-	-	3,030	
Exploration Equipment	350	-	-	350	114	24	-	138	212	
Milling Plant	299	-	(299)	-	-	-	-	-	-	
Leasehold Improvements	831	-	-	831	246	44	-	290	541	
Automobiles	158	81	(25)	214	34	24	(8)	50	164	
Total	\$ 7,157	\$ 126	\$ (324)	\$ 6,959	\$ 1,388	\$ 250	\$ (8)	\$ 1,630	\$ 5,329	

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

6) Exploration and Evaluation Assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at June 30, 2024:

	December 31, 2023	Additions	Disposals	Transfer to assets classified as held for sale	Impairment losses	June 30, 2024
Kan - James Bay	\$ 288	\$ 1	\$ -	\$ -	\$ (289)	\$ -
Launay	1,625	16	-	-	-	1,641
Peacock	900	38	-	-	-	938
Matachewan - Wydee	923	215	-	(1,138)	-	-
Marban Alliance	123,165	9,195	-	-	-	132,360
Horizon	5,014	460	-	-	-	5,474
Alpha	69,680	49	(77)	-	-	69,652
Kinebik	2,353	558	-	-	-	2,911
Harricana	1,733	55	-	-	(1,788)	-
Total exploration and evaluation assets	\$ 205,681	\$ 10,587	\$ (77)	\$ (1,138)	\$ (2,077)	\$ 212,976

a) Disposition of exploration and evaluation assets

On March 11, 2024, O3 Mining sold all of its rights and interest in its Louvem property to Eldorado Gold (Québec) Inc. in exchange for cash consideration of \$80,000 and the retention by O3 Mining of a 0.5% Net Smelter Return royalty payable to the Corporation on all metal production from the claims constituting the Louvem property.

Consideration recorded for the Louvem property was \$80,000. Book value of the property on the date of disposition was \$77,000, resulting in a gain on sale of exploration and evaluation assets of \$3,000.

b) Assets classified as held for sale

On June 18, 2024, O3 Mining entered into an agreement to sell a 100% interest in its Matachewan and Wydee Properties to Alamos Gold in exchange for cash consideration of \$3,500,000.

On July 11, 2024, the Corporation announced that it closed the transaction following the completed transfer of the claims on these properties and the receipt of the cash consideration by O3 Mining.

c) Impairment on exploration and evaluation assets

During the period ended June 30, 2024, management assessed and concluded that further exploration for and evaluation of mineral resources on O3 Mining's Kan-James Bay and Harricana properties are neither budgeted nor planned. Due to this triggering event, an impairment loss totaling \$2,077,000 was recognized for these properties to write them down to their recoverable amounts.

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

7) Leases

The following table summarizes information regarding the Corporation's lease liabilities as at June 30, 2024:

<i>As at</i>	June 30, 2024	December 31, 2023
Balance, beginning of period	\$ 1,502	\$ 1,839
Accretion of interest	39	89
Payments	(177)	(385)
Disposal	-	(41)
Balance, end of period	\$ 1,364	\$ 1,502
Current	\$ 255	\$ 264
Non-current	1,109	1,238
Total lease liabilities	\$ 1,364	\$ 1,502

8) Restricted share unit and deferred share unit plans

Under the Corporation's restricted share unit ("RSU") plan and deferred share unit ("DSU") plan, RSUs can be granted to executive officers and key employees and DSUs can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or common shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from the closing price of the common shares on the day prior to the payout date. Should the payout be in common shares, each RSU and DSU represents an entitlement to one common share.

The following table summarizes information regarding the Corporation's outstanding and exercisable RSUs and DSUs as at June 30, 2024:

	Number of DSUs	Number of RSUs
Outstanding at December 31, 2023	1,320,518	2,205,000
Granted	12,672	-
Settled	(281,226)	(90,000)
Forfeited	-	(15,000)
Outstanding at June 30, 2024	1,051,964	2,100,000

During the six-month period ended June 30, 2024, 12,672 DSUs were issued to directors (2023 – 57,353), all of which were issued in lieu of directors' fees (2023 – 57,353). The weighted average fair value of the DSUs granted was \$1.38 per DSU at the initial closing price of the common shares of the Corporation on the date of grant (2023 - \$1.44). The DSUs vest immediately on the date of grant.

During the six-month period ended June 30, 2024, nil RSUs were issued to management (2023 – Nil).

As at June 30, 2024 the share-based payment liability related to each RSU and DSU was re-measured to fair value at the Corporation's closing share price of \$1.35.

The combined total recognized expense for RSUs and DSUs for the three and six-month period ended June 30, 2024 was \$179,000 and \$265,000, respectively (2023 – \$411,000 and \$419,000) from which \$79,000 and \$151,000 respectively were capitalized to exploration and evaluation assets (2023 - \$69,000 and \$103,000).

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

9) Convertible debenture

On June 19, 2023, O3 Mining issued a senior unsecured convertible debenture in an aggregate principal amount of \$10,000,000 which will mature on June 19, 2028. The convertible debenture bears fixed interest at a rate of 10% per annum, payable semi-annually, half of which is payable in cash and half of which is payable, at the Corporation's option and subject to all necessary regulatory approvals, in either common shares or in cash.

The holder of the convertible debenture is entitled, at any time prior to the maturity date, to convert, in whole or in part, the outstanding principal amount due from time to time into common shares of the Corporation at a price equal to \$2.05 per common share, subject to customary anti-dilution adjustments.

O3 Mining will be required to offer to purchase from the holder the remaining outstanding principal amount of the convertible debenture if a change of control of the Corporation occurs or if the Corporation sells all or substantially all, or enters into a joint venture agreement, option agreement or similar arrangement with respect to the Corporation's Marban Alliance project. The convertible debenture is subject to customary events of default.

The convertible debenture was subject to an adjustment of conversion price clause, which expired on September 30, 2023. This could have resulted in a fixed amount of the stated principal not being converted into a fixed number of common shares of the Corporation. As a result of this, the conversion feature did not satisfy the 'fixed for fixed' criterion and was initially classified as an embedded derivative liability measured at fair value through profit or loss. On September 30, 2023, this feature was reassessed and reclassified to equity.

The host of the convertible debenture is classified as a long-term liability measured at amortised cost.

The following table summarizes information regarding the Corporation's convertible debenture as at June 30, 2024:

<i>As at</i>	June 30, 2024
Balance, beginning of period	\$ 6,256
Accretion	252
Balance, end of period	\$ 6,508

The total recognized interest expense on the convertible debenture for the three and six-month period ended June 30, 2024, was \$377,000 and \$752,000, respectively (2023 – \$43,000 and \$43,000).

In January 2024, O3 Mining elected to issue 150,721 common shares at a price of \$1.66 per common share as payment for, and for the satisfaction of \$250,000, representing 50% of the total interest due and payable by the Corporation in respect of the December 19, 2023 interest payment on the convertible debenture.

In June 2024, O3 Mining settled \$250,000 of the accrued interest in cash, representing 50% of the total interest due and payable by the Corporation in respect of the June 19, 2024 interest payment on the convertible debenture.

As at June 30, 2024 the accrued interest payable included in accounts payable and accrued liabilities was \$281,000 of which \$250,000 was subsequently settled through the issuance of equity.

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

10) Income taxes

The following table outlines the composition of the deferred tax expense between income tax and mining tax for the period ended June 30, 2024:

	June 30, 2024	June 30, 2023
<i>For the period ended</i>		
Deferred income tax expense	\$ 103	\$ 977
Deferred mining taxes	1,146	1,194
Total deferred income tax expense	\$ 1,249	\$ 2,171

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. Deferred tax assets are recognized when the Corporation concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax assets and liabilities:

	June 30, 2024	December 31, 2023
<i>As at</i>		
Deferred tax assets		
Losses	\$ 20,152	\$ 18,340
Mining tax deductible for income tax purposes	3,798	3,494
Share issue costs	2,788	2,771
Investment tax credits	262	262
Other net deductible temporary differences	564	679
Total deferred tax assets	\$ 27,563	\$ 25,546
Deferred tax liability		
Exploration and evaluation assets	\$ (28,879)	\$ (26,784)
Convertible debenture	(925)	(918)
Deferred mining tax liability	(14,331)	(13,185)
Total deferred tax liability	\$ (44,135)	\$ (40,887)
Net deferred tax liability	\$ (16,572)	\$ (15,341)

11) Capital and other components of equity

a) Share capital - authorized

	Number of Common Shares	Amount
Balance December 31, 2023	87,293,655	\$ 231,800
Shares issued under ATM offering (net of transaction costs (\$70)) (note 11(a))	169,700	178
Issuance of shares on exercise of RSUs	90,000	142
Issuance of shares on exercise of DSUs	281,226	409
Issuance of shares in consideration of interest due on the debenture (note 9)	150,721	250
Deferred tax asset on share issue cost (note 10)	-	18
Balance June 30, 2024	87,985,302	\$ 232,797

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

11) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

During the three and six-month period ended June 30, 2024, flow-through premium income of \$220,000 and \$1,056,000 respectively was recognized relating to the flow-through shares issued by the Corporation (2023 – \$797,000 and \$3,255,000).

During the period ended June 30, 2024, O3 Mining issued 169,700 common shares of the Corporation under an at-the-market ("ATM") equity offering program at an average price per common share of \$1.46, for gross proceeds of \$248,000. The transaction costs of \$70,000 were netted against the gross proceeds on closing.

b) Basic loss per share

The calculation of basic loss per share for the three and six-month period ended June 30, 2024 and 2023 was based on the income or loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>For the period ended</i>				
Common shares outstanding, at beginning of the period	87,293,655	74,624,869	87,293,655	74,834,969
Common shares issued during the period	691,647	5,505	512,892	2,930
Shares repurchased under normal course issuer bid	-	-	-	(206,950)
Basic weighted average number of common shares	87,985,302	74,630,374	87,806,547	74,630,949
Basic loss for the period	\$ 4,098	\$ 1,679	\$ 11,341	\$ 794
Basic loss per share	\$ 0.05	\$ 0.02	\$ 0.13	\$ 0.01

c) Diluted loss per share

The Corporation incurred a loss for the three and six-month period ended June 30, 2024. Therefore, all outstanding stock options, RSUs, DSUs and convertible debt impact have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. They could potentially dilute basic earnings per share in the future.

d) Contributed Surplus

Under the Corporation's incentive stock-option plan, the maximum number of shares reserved for issuance under all security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation, reduced by the numbers of RSUs and DSUs outstanding. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the six-month period ended June 30, 2024:

	Number of stock options	Weighted-average exercise price
Outstanding at December 31, 2023	4,906,666	\$ 2.73
Forfeited	(57,501)	1.86
Expired	(361,665)	2.71
Outstanding at June 30, 2024	4,487,500	\$ 2.74

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

11) Capital and other components of equity (continued)

d) Contributed Surplus (continued)

The total recognized expense for stock options for the three and six-month period ended June 30, 2024, was \$30,000 and \$39,000, respectively (2023 - \$121,000 and \$281,000) from which \$7,000 and \$3,000 respectively were capitalized to exploration and evaluation assets (2023 - \$32,000 and \$75,000).

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at June 30, 2024:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable		
	Weighted-average remaining years of contractual life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)
1.47 to 2.49	2.1	1,002,500	\$2.06	1.9	716,661	\$2.12
2.50 to 2.79	0.6	1,070,000	\$2.50	0.6	1,070,000	\$2.50
2.80 to 3.19	0.1	1,745,000	\$3.07	0.1	1,745,000	\$3.07
3.20 to 3.26	1.5	670,000	\$3.26	1.5	670,000	\$3.26
1.47 to 3.26	0.9	4,487,500	\$2.74	0.8	4,201,661	\$2.79

12) Expenses

The following table summarizes information regarding the Corporation's expenses for the three and six-month period ended June 30, 2024 and 2023:

For the period ended	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Compensation expenses				
Stock-based compensation (note 8 and note 11(d))	\$ 123	\$ 428	\$ 150	\$ 520
Salaries and benefits	679	523	1,437	1,186
Total compensation expenses	\$ 802	\$ 951	\$ 1,587	\$ 1,706
General and administration expenses				
Shareholder and regulatory expense	\$ 196	\$ 203	\$ 462	\$ 334
Travel expense	53	60	103	141
Professional fees	432	239	816	503
Office expense	158	145	378	301
Total general and administration expenses	\$ 839	\$ 647	\$ 1,759	\$ 1,279
Marketable securities				
Realized loss/(gain) from marketable securities (note 3)	\$ (38)	\$ 123	\$ 304	\$ (239)
Unrealized loss/(gain) from marketable securities (note 3)	378	1,044	103	(266)
Total loss/(gain) from marketable securities	\$ 340	\$ 1,167	\$ 407	\$ (505)

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

As at June 30, 2024 and for the three and six-month periods ended June 30, 2024 and 2023

(Tabular amounts expressed in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

13) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and six-month period ended June 30, 2024, management fees, rent and administration fees of \$73,000 and \$147,000 respectively (2023 - \$122,000 and \$258,000) were incurred with Osisko Mining Inc. ("Osisko Mining"), a related company of the Corporation by virtue of Osisko Mining having significant influence over the Corporation. Additionally, Mr. John Burzynski, Chairman of the Board of Directors of O3 Mining, serves as Executive Chairman, CEO, and a director of Osisko Mining and Mr. José Vizquerra, President and CEO of O3 Mining, serves as a director of Osisko Mining. Accounts payable and accrued liabilities to Osisko Mining as at June 30, 2024 were \$26,000.

Management and administrative personnel of O3 Mining currently provide services to Electric Elements Mining Corp ("Electric Elements"). In consideration of these services, Electric Elements pays a marginal fee to O3 Mining.

The following table summarizes remuneration attributable to key management personnel of the Corporation for the three and six-month period ended June 30, 2024 and 2023:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries expense of key management	\$ 202	\$ 195	\$ 404	\$ 390
Directors' fees	95	121	205	243
Stock-based compensation	81	318	47	360
Total	\$ 378	\$ 634	\$ 656	\$ 993

14) Commitments

The Corporation has the following exploration commitments as at June 30, 2024:

	Total	2024	2025	2026
Equipment leases	\$ 92	\$ 28	\$ 44	\$ 20
Total	\$ 92	\$ 28	\$ 44	\$ 20

As at June 30, 2024, the Corporation has the following flow-through fund balance to be spent by December 31, 2024:

Closing date of financing	Remaining flow-through funds
December 12, 2023	\$ 5,073
Total	\$ 5,073