



**MERIDIAN MINING UK SOCIETAS
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States dollars)**

**THREE AND SIX MONTHS ENDED JUNE 30, 2023 and 2022
(UNAUDITED)**

MERIDIAN MINING UK SOCIETAS
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)
(Unaudited)

	As at June 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	\$ 14,165,737	\$ 6,174,891
Prepaid expenses and other assets	264,085	216,403
	<u>14,429,822</u>	<u>6,391,294</u>
Non-current assets		
Property, plant and equipment (Note 4)	858,480	841,367
Exploration and evaluation assets (Note 5)	9,058,381	8,020,634
	<u>9,916,861</u>	<u>8,862,001</u>
Total assets	<u>\$ 24,346,683</u>	<u>\$ 15,253,295</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 2,246,332	\$ 2,868,177
Taxes and fees payable (Note 7)	305,093	293,532
Provisions (Note 8)	371,057	349,606
	<u>2,922,482</u>	<u>3,511,315</u>
Non-current liabilities		
Provisions (Note 8)	60,992	61,900
Taxes and fees payable (Note 7)	37,327	56,668
	<u>98,319</u>	<u>118,568</u>
	<u>3,020,801</u>	<u>3,629,883</u>
Equity (deficit)		
Share capital (Note 9)	2,715,605	2,300,486
Share premium (Note 9)	66,211,091	53,985,844
Reserves (Note 9)	70,020,881	68,529,198
Deficit	(117,621,695)	(113,192,116)
	<u>21,325,882</u>	<u>11,623,412</u>
Total Equity (Deficit)	<u>21,325,882</u>	<u>11,623,412</u>
Total liabilities and equity	<u>\$ 24,346,683</u>	<u>\$ 15,253,295</u>

Nature of business and going concern (Note 1)

Subsequent events (Note 15)

On behalf of the Board of Directors on August 10, 2023:

"Adrian McArthur"

Director

"Douglas Ford"

Director

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

MERIDIAN MINING UK SOCIETAS**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)**

(Expressed in United States dollars, except share and per share amounts)

(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	2023	2022	2023	2022
Operating expenses				
Exploration and evaluation expenses (Note 10)	\$ 1,230,265	\$ 1,613,787	\$ 2,297,250	\$ 2,629,853
General and administration expenses (Note 11)	637,067	815,020	1,346,904	1,468,563
Professional fees	282,776	242,387	480,027	406,177
Re-commissioning and standby costs	16,049	15,859	32,850	30,339
Gain on sale of property, plant, and equipment	-	(73,439)	-	(73,439)
Share-based payments (Note 9)	-	161,487	651,416	242,421
Depreciation	41,884	30,692	80,990	58,558
Total operating expenses	(2,208,041)	(2,805,793)	(4,889,437)	(4,762,472)
Loss from operations	(2,208,041)	(2,805,793)	(4,889,437)	(4,762,472)
Finance items				
Mark-to-market revaluation of warrants (Note 9)	-	5,574,708	-	9,437,874
Finance income	10,589	13,133	41,424	20,518
Finance expense	(8,938)	(11,503)	(28,729)	(39,867)
Foreign exchange gain (loss)	408,582	(199,789)	447,163	(93,437)
Total finance income (expense)	410,233	5,376,549	459,858	9,325,088
Income (loss) for the period	(1,797,808)	2,570,756	(4,429,579)	4,562,616
Other comprehensive income (loss)				
Items that may be reclassified to income (loss)				
Foreign currency translation	343,235	(577,601)	576,114	351,856
Other comprehensive income (loss), net of taxes	\$ (1,454,573)	\$ 1,993,155	\$ (3,853,465)	\$ 4,914,472
Basic income (loss) per common share (Note 9)	\$ (0.01)	\$ 0.02	\$ (0.01)	\$ 0.03
Diluted income (loss) per common share (Note 9)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of basic shares outstanding	226,844,631	168,959,344	215,038,181	163,645,169
Weighted average number of diluted shares outstanding	232,714,551	192,172,154	220,542,829	188,194,850

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

MERIDIAN MININGUK SOCIETAS
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(Unaudited)

	<u>Six months ended June 30,</u>	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ (4,429,579)	\$ 4,562,616
Items not affecting cash:		
Accrued finance expense	28,729	39,867
Depreciation	80,990	58,558
Mark-to-market revaluation of warrants	-	(9,437,874)
Gain on sale of property, plant, and equipment	-	(73,439)
Unrealized foreign exchange gain (loss)	(447,163)	2,470
Share-based payments (Note 9)	651,416	242,421
Items affecting cash:		
Interest paid	(6,636)	(8,239)
Disbursements related to provisions	(20,195)	(169,992)
Changes in non-cash working capital items:		
Prepaid expenses and other assets	(46,680)	52,058
Taxes and fees payable	(18,820)	(93,333)
Accounts payable and accrued liabilities	80,557	529,136
Net cash used in operating activities	<u>(4,127,381)</u>	<u>(4,295,751)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant, and equipment	(21,535)	(84,710)
Exploration and evaluation asset acquisition (note 5 b))	(779,621)	-
Proceeds from sale of property, plant, and equipment	-	73,439
Net cash used in investing activities	<u>(801,156)</u>	<u>(11,271)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering financing (note 9)	13,520,717	-
Share issuance costs related to the public offering financing (note 9)	(820,526)	-
Proceeds from the exercise of warrants	-	885,054
Proceeds from the exercise of stock options	-	135,608
Proceeds from the exercise of agent's compensation options and agent's compensation options warrants	-	83,494
Net cash provided by financing activities	<u>12,700,191</u>	<u>1,104,156</u>
Effect of foreign exchange on cash	<u>219,192</u>	<u>(87,870)</u>
Net change in cash	<u>7,990,846</u>	<u>(3,290,736)</u>
Cash, beginning of the period	<u>6,174,891</u>	<u>9,059,798</u>
Cash, end of the period	<u>\$ 14,165,737</u>	<u>\$ 5,769,062</u>

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

MERIDIAN MINING UK SOCIETAS
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in United States dollars, except share amounts)
(Unaudited)

	Share Capital			Reserves						Total Equity
	Shares	Share Capital	Share Premium	Reserves	Share based payments	Warrant reserve	Other reserves	Accumulated other comprehensive loss	Deficit	
Balance, January 1, 2022	157,110,457	1,814,863	39,553,231	462,185	5,138,025	56,322	77,273,171	(14,021,225)	(113,992,224)	(3,715,652)
Debt restructuring transactions, conversion of debt (Note 9)	5,869,670	64,852	706,997	-	-	-	(771,849)	-	-	-
Shares issued, payment in kind of withholding taxes (Note 9)	509,795	5,377	370,762	-	-	-	-	-	-	376,139
Issuance of stock options	-	-	-	-	242,421	-	-	-	-	242,421
Exercise of stock options	397,732	4,136	208,703	-	(77,231)	-	-	-	-	135,608
Exercise of warrants	9,535,666	102,253	5,335,945	-	-	-	-	-	-	5,438,198
Exercise of agent's compensation options	383,836	4,091	70,598	-	-	(36,977)	-	-	-	37,712
Exercise of agent's compensation option warrants	527,810	5,817	39,965	-	-	-	-	-	-	45,782
Comprehensive income (loss) for the period	-	-	-	-	-	-	-	351,856	4,562,616	4,914,472
Balance, June 30, 2022	174,334,966	\$ 2,001,389	\$ 46,286,201	\$462,185	\$ 5,303,215	\$ 19,345	\$ 76,501,322	\$ (13,669,369)	\$ (109,429,608)	\$ 7,474,680
Balance, January 1, 2023	202,833,761	\$ 2,300,486	\$ 53,985,844	\$462,185	\$ 5,303,215	\$ 66,223	\$ 76,501,322	\$ (13,803,747)	\$ (113,192,116)	\$ 11,623,412
Shares issued on public offering financing	36,800,000	404,236	13,116,481	-	-	-	-	-	-	13,520,717
Share Issuance costs	-	-	(1,197,317)	-	-	264,153	-	-	-	(933,164)
Shares issued regarding Cabaçal agreement payment	1,000,000	10,883	306,083	-	-	-	-	-	-	316,966
Issuance of stock options	-	-	-	-	651,416	-	-	-	-	651,416
Comprehensive income (loss) for the period	-	-	-	-	-	-	-	576,114	(4,429,579)	(3,853,465)
Balance, June 30, 2023	240,633,761	\$ 2,715,605	\$ 66,211,091	\$462,185	\$ 5,954,631	\$ 330,376	\$ 76,501,322	\$ (13,227,633)	\$ (117,621,695)	\$ 21,325,882

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

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States dollars)
(Unaudited)

1. NATURE OF BUSINESS AND GOING CONCERN

Meridian Mining UK Societas (the “Company” or “Meridian”) was formed in Amsterdam, Netherlands on December 16, 2013. Effective August 15, 2017, the Company transferred its official seat from the Netherlands to London, United Kingdom. Effective April 4, 2022, the Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol MNO. The Company is currently engaged in the exploration and development of mineral deposits in Brazil, through its subsidiaries, Rio Cabaçal Mineração Ltda (“Rio Cabaçal”) and Meridian Mineração Jaburi S.A. (“Jaburi”). The Company’s head office is located at 8th Floor, 4 More London Riverside, London, SE1 2AU, United Kingdom.

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company incurred a loss of \$4,429,579 during the six-month period ended June 30, 2023 (2022 – income of \$4,562,616). The Company has working capital of \$11,507,340 as at June 30, 2023 (December 31, 2022 - \$2,879,979).

To continue as a going concern, the Company will need to secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing will be available. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied in these condensed consolidated interim financial statements are consistent with those disclosed in Note 2 of the Company’s audited consolidated financial statements for the year ended December 31, 2022.

On January 1, 2023, the Company adopted amendments to IAS 1 that requires companies to disclose material accounting policies instead of significant accounting policies. The Company’s significant accounting policies are disclosed in Note 2 – Basis of Preparation and Significant Accounting Policies within the notes to the Company’s annual consolidated financial statements for the year ended December 31, 2022. The adoption of these amendments did not have an impact on the Company’s interim financial statements. The Company’s annual consolidated financial statements for the year ended December 31, 2023 will present only those policies which the Company considers material.

On January 1, 2023, the Company adopted amendments to IAS 8 which provide greater clarity in the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies. The Company will apply this definition of accounting estimates prospectively when assessing such changes. As a result, the adoption of the amendments did not have an immediate impact on the Company’s financial statements.

The condensed consolidated interim financial statements and accompanying notes were authorized for issue by the Company’s Board of Directors on August 10, 2023.

MERIDIAN MINING UK SOCIETAS**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in United States dollars)

(Unaudited)

Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. The financial statements of the Company are presented in United States (“US”) dollars, which is the functional currency of the Company. References to “\$”, “US\$”, or “dollars” are to US dollars, references to “C\$” are to Canadian dollars, references to “R\$” are to Brazilian Reals, and references to “€” are to Euro.

Principles of consolidation

The condensed consolidated interim financial statements incorporate the assets and liabilities and revenues and expenses of the Company’s subsidiaries. Subsidiaries are all entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits, and losses, including unrealized gains and losses have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed consolidated interim financial statements, are described in Note 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Vehicles, machinery and equipment	Office furniture and other	Total
Balance, December 31, 2022	\$ 71,396	\$ 920,009	\$ 189,171	\$ 1,180,576
Additions	-	-	21,535	21,535
Currency adjustment	6,746	86,926	18,933	112,605
Balance, June 30, 2023	\$ 78,142	\$ 1,006,935	\$ 229,639	\$ 1,314,716

Accumulated depreciation:	Land	Vehicles, machinery and equipment	Office furniture and other	Total
Balance, December 31, 2022	\$ -	\$ (224,482)	\$ (114,727)	\$ (339,209)
Depreciation expense	-	(47,447)	(33,543)	(80,990)
Currency adjustment	-	(23,547)	(12,490)	(36,037)
Balance, June 30, 2023	\$ -	\$ (295,476)	\$ (160,760)	\$ (456,236)

Net book value:	Land	Vehicles, machinery and equipment	Office furniture and other	Total
December 31, 2022	\$ 71,396	\$ 695,527	\$ 74,444	\$ 841,367
Balance, June 30, 2023	\$ 78,142	\$ 711,459	\$ 68,879	\$ 858,480

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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5. EXPLORATION AND EVALUATION ASSETS

Summary of exploration and evaluation assets:

Balance as at December 31, 2022	\$	8,020,634
Fourth option payment - Cabaçal agreement		316,966
Foreign currency adjustment		<u>720,781</u>
Balance as at June 30, 2023	\$	9,058,381

Cabaçal Project, Mato Grosso

a) Overview of Purchase Agreement

On November 6, 2020, the Company entered into a Purchase Agreement with two private Brazilian companies (the “Vendors”), to acquire the rights to the Cabaçal Copper-Gold Project in the state of Mato Grosso, Brazil, (the “Cabaçal Agreement”). The Cabaçal Agreement contemplated that payments can be withheld by the Company in an Indemnification Escrow Fund (the “Escrow Fund”) to guarantee the payment of any losses in connection with certain of the Vendors’ obligations. At the Company’s discretion, the Escrow Fund balance can be used to pay certain Vendors’ obligations.

Under the terms of the Cabaçal Agreements, the Company is required to make staged payments based on milestones achieved as follows:

Amounts triggered and paid as at June 30, 2023:

- \$25,000 payable within 5 days of the execution of the option agreement (paid);
- \$275,000 payable by October 15, 2021, as the transfers of the mineral rights to Rio Cabaçal were filed with the Agência Nacional de Mineração (“ANM”; Brazil’s nation mining agency) (paid); and
- \$1,750,000 payable on August 1, 2023, unless accelerated upon completion of an equity financing for gross proceeds of at least \$2,500,000, provided completion of a successful drill program and historical geophysics database validation, as well as obtaining certain permits and the access to the surface rights overlapping with the Cabaçal mineral rights (see details regarding payment below).
- 1,000,000 common shares in the capital of the Company or C\$300,000, at the option of the Vendors, within 6 months of the third payment and subject to completion of a technical report on the estimate of the resource in accordance with National Instrument 43-101, whichever occurs later (paid in common shares);

Amounts not yet triggered:

- \$1,850,000 plus, at the option of the Vendors, 1,500,000 common shares in the capital of the Company or C\$450,000, within 9 months of the fourth payment and subject to the successful completion of the positive economic feasibility study;
- \$2,250,000 payable plus, at the option of the Vendors, 2,000,000 common shares in the capital of the Company or C\$600,000, up to 30 days after the Installation License (“LI”) of the Cabaçal plant is issued by the competent authorities; and
- \$2,600,000 payable within 45 days after the signature by the Company of the definitive financing contracts for the construction of the Cabaçal plant.

MERIDIAN MINING UK SOCIETAS
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited)

b) Cabaçal Agreement payments

During the six-month period ended June 30, 2023, the Company and the Vendors started the process of establishing the Escrow Fund and the Company made payments of \$779,621 on behalf of the Vendors that have been deducted from the third payment amount. As at June 30, 2023, the remaining balance of third instalment of \$970,379 continues to be recognized in accounts payable and accrued liabilities.

The fourth payment under the Cabaçal Agreement was due on June 30, 2023. Under the Cabacal Agreement, the Vendors had the option of receiving, 1,000,000 common shares of the Company or cash of C\$300,000 at their discretion. The Vendors elected to receive common shares as payment. The Company issued common shares on June 30, 2023 at a fair value of \$316,966 (C\$420,000) to maintain the right to explore the Cabaçal Project.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
Trade payables	\$ 867,843	\$ 723,664
Option agreement – Cabaçal project (Note 5)	970,379	1,750,000
Payroll liabilities	270,012	202,428
Other liabilities	138,098	192,085
Total	\$ 2,246,332	\$ 2,868,177

7. TAXES AND FEES PAYABLE

	June 30, 2023	December 31, 2022
Current:		
Taxes and fees payable (i)	\$ 55,990	\$ 51,638
Withholding taxes and other taxes related to debt restructuring	56,876	54,036
Income tax payable	141,287	141,287
Other	50,940	46,571
	\$ 305,093	\$ 293,532
Non-Current:		
Taxes and fees payable (i)	37,327	56,668
Total	\$ 342,420	\$ 350,200

(i) *Restructuring of Brazilian taxes and fees liabilities*

During the year ended December 31, 2020, the Company enrolled in an instalment payment program on certain unpaid taxes and fees related to the year ended December 31, 2019. Under the program, the Company will pay the outstanding taxes and fees, plus accrued penalties, and interests, in equal instalments over a period of 36 to 60 months.

The terms of each instalment program can be summarized as follow:

- a) Brazilian social security taxes. The total taxes payable of \$93,317 will be repaid in equal monthly instalments over 20 months, adjusted for inflation.

As a result, the Company classified as long-term liabilities the amount of \$37,327 (December 31, 2022 - \$56,668).

MERIDIAN MINING UK SOCIETAS**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in United States dollars)

(Unaudited)

8. PROVISIONS

	Environmental provision (i)	Other provisions (ii)	Total
Balance, December 31, 2022	\$ 168,013	\$ 243,493	\$ 411,506
Spent during the period	(20,195)	-	(20,195)
Accretion	2,719	-	2,719
Foreign currency adjustment	15,013	23,006	38,019
Balance, June 30, 2023	\$ 165,550	\$ 266,499	\$ 432,049
Represented by:			
Current portion	\$ 104,558	\$ 266,499	\$ 371,057
Long-term portion	\$ 60,992	\$ -	\$ 60,992

(i) Environmental provision

Pursuant to Jaburi's operations in Brazil, the Company is required to rehabilitate its plant and colluvial mining sites, as well as remove all plant and equipment. A provision has been recognized for the requirements to rehabilitate these sites environmentally and decommission the plant and equipment. Environmental liabilities required to rehabilitate sites are considered short-term in nature and are included in care and maintenance expenses in the period recognized. Long-term environmental liabilities related to decommissioning the plants are recorded at the present value of the estimated costs, assuming nominal risk-free discount rates of 9.25% and are expected to be incurred up to the end of 2024.

(ii) Other provisions

Various legal and regulatory matters are outstanding from time to time due to the nature of the Company's operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its condensed consolidated interim financial statements on the date such charges occur. As at June 30, 2023, the Company has recognized a provision of \$266,499 (December 31, 2022 - \$243,493) representing management's best estimates of expenditures required to settle present obligations. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the Company's estimates.

9. SHAREHOLDERS' EQUITY**Authorized Capital**

As at June 30, 2023 the Company had authorized unlimited number of common shares with a par value of €0.01.

Issued Capital

The Company has 240,633,761 (December 31, 2022 - 202,833,761) issued and fully paid common shares.

Share capital

Share capital comprises the amount subscribed for at the par value.

Share premium

Share premium comprises the amount subscribed for share capital in excess of par value.

MERIDIAN MINING UK SOCIETAS

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in United States dollars)

(Unaudited)

Shares issued

During the six-month period ended June 30, 2023, the Company issued:

- 36,800,000 common shares for aggregate gross proceeds of \$13,520,717 at a subscription price of C\$0.50 per common share
- 1,000,000 common shares issued as payment of the fourth instalment of the Cabaçal Agreement.

On May 2, 2023, the Company closed a bought deal offering through the issuance of 36,800,000 common shares at a subscription price of C\$0.50 per common share, for aggregate gross proceeds to the Company of \$13,520,717 (C\$18,400,000). The Company paid agent's cash commission totalling \$616,146 (C\$838,500) and issued 1,677,000 agent's compensation options, valued at \$264,153 (C\$358,912). Each agent's compensation option is exercisable for one common share at an exercise price of C\$0.50, expiring May 2, 2025. The value of the agent's compensation option was determined using Black-Scholes pricing model. The assumptions used to calculate the fair value of the agent's compensation options were: an expected life of 2 years; annualized volatility of 76.30%; a risk free interest rate of 2.95%; and zero expected dividend yield. The Company incurred other share issuance costs of \$317,018 on this offering. Total transactions costs incurred and allocated to share premium was \$1,197,317.

On June 30, 2023, the Company issued 1,000,000 common shares at the deemed price of \$0.42 per common share, totalling \$316,966 (C\$420,000) related to the payment of the fourth instalment of the Cabaçal agreement. In accordance with the applicable securities regulations and policies of the TSX, the common shares issued to Vendors pursuant to the Agreement are subject to a statutory four month and a day hold period.

During the six-month period ended June 30, 2022, the Company issued:

- 9,535,666 common shares for cash proceeds of \$885,054 pursuant to the exercise of warrants.
- 911,646 common shares for cash proceeds of \$83,494 pursuant to the exercise of agent's compensation units and agent's compensation options warrants; the Company reallocated \$36,977 of warrant reserve to share capital and share premium in connection with the exercise of these agent's compensation units.
- 397,732 common shares for cash proceeds of \$135,608 pursuant to the exercise of stock options at the exercise price of C\$0.44.

Debt restructuring transactions:

Specifically, in regards to the debt restructuring transaction, the Company issued the following shares during the six-month period ended June 30, 2022:

- 5,869,670 common shares on March 29, 2022 to Sentient Global Resources Fund IV L.P. ("SGRFIV") settling the Consolidated Facility agreement balance of C\$14,674,177 before its maturity. During the year ended December 31, 2020, the Company concluded the debt restructure transaction with SGRFIV which resulted in the reclassification of the balance outstanding of the Consolidated Facility agreement to other reserves in equity. Upon issuance of the common shares on March 29, 2022, the Company reclassified the amount of \$771,849 equivalent of the fair market of the Consolidated Facility agreement on December 21, 2020 from other reserves to share capital and share premium.
- 509,795 common shares on April 5, 2022 to HM Revenue & Customs ("HMRC" - United Kingdom tax authority) as payment of the withholding taxes obligation related to the Consolidated Facility agreement with SGRFIV. Upon issuance of the common shares on April 5, 2022, the Company settled the amount of \$376,139.

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Reserves - Stock options and warrants

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding December 31, 2021	22,044,851	C\$ 0.17	14,702,096	C\$ 0.48
Granted	-	-	565,000	1.00
Expired/cancelled	-	-	(39,079)	0.77
Exercised (i)	(9,535,666)	0.12	(397,732)	0.44
Outstanding June 30, 2022	12,509,185	C\$ 0.20	14,830,285	C\$ 0.51
Outstanding December 31, 2022	-	-	14,830,285	C\$ 0.50
Granted	-	-	3,225,500	0.50
Outstanding June 30, 2023	-	-	18,055,785	C\$ 0.50
Number currently exercisable	-	-	18,055,785	C\$ 0.50

(i) During the six months ended June 30, 2022, the weighted average share price at the date of the stock option exercise was C\$0.78.

As at June 30, 2023 the following incentive stock options, share purchase warrants and agent's compensation options were outstanding:

	Number of options and warrants outstanding	Exercise Price (C\$)	Expiry Date	Remaining Contractual Life (years)
Stock options	6,291,631	0.07	October 22, 2024	1.32
	248,016	0.10	June 2, 2025	1.93
	3,285,000	0.45	February 26, 2026	2.66
	4,440,638	1.10	October 27, 2026	3.33
	100,000	1.10	February 6, 2027	3.61
	75,000	1.10	February 24, 2027	3.66
	390,000	0.95	May 17, 2027	3.88
	3,225,500	0.50	January 25, 2028	4.58
Agent's compensation options	501,004 (1)	0.35	December 30, 2024	1.50
	1,677,000 (2)	0.50	May 2, 2025	1.84

(1) Issued in connection with the brokered private placement closed on December 30, 2022.

(2) Issued in connection with the public offering closed on May 2, 2023.

On January 25, 2023, the Company granted 3,225,500 to directors, officers, employees, advisors, and consultants of the Company that vested immediately with an exercise price of C\$0.50 per common share for a term of five years, until January 25, 2028.

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On February 6, 2022, the Company granted 100,000 stock options to a consultant that vested immediately with an exercise price of C\$1.10 per common share for a term of five years, until February 6, 2027.

On February 24, 2022, the Company granted 75,000 stock options to the Company's Corporate Secretary that vested immediately with an exercise price of C\$1.10 per common share for a term of five years, until February 24, 2027.

On May 17, 2022, the Company granted 390,000 stock options to a consultant that vested immediately with an exercise price of C\$0.95 per common share for a term of five years, until May 17, 2027.

In June 2022, the Company's shareholders approved the adoption of a new omnibus equity incentive plan (the "Omnibus Plan") to replace and supersede the Company's stock option plan (the "Previous Plan"). All outstanding stock options granted under the Previous Plan shall continue to be outstanding as stock options granted under and subject to the terms of the Omnibus Plan. Under the terms of the Omnibus Plan, the Company may grant share-based compensation in the form of stock options, restricted share units ("RSU") or deferred share units ("DSU") (collectively the "Awards") to directors, officers, employees, and consultants of the Company. The maximum number of shares reserved for issuance at any time pursuant to Awards granted under the Omnibus Plan shall be equal to 10% of the Company's outstanding shares. The maximum number of shares available for issuance pursuant to RSUs and DSUs granted under the Omnibus Plan shall be, in the aggregate, equal to 2% of the Company's outstanding shares. The Awards can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

Total share-based payments recognized in the statement of income (loss) and other comprehensive income (loss) for the six-month period ended June 30, 2023 was \$651,416 (2022 - \$242,421) for incentive options granted and vested.

The following assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the six-month period ended June 30, 2023 and June 30, 2022:

	Options granted in 2023	Options granted in 2022
Risk-free interest rate	2.88%	1.74% - 2.84%
Expected life of options	5 years	5 years
Expected annualized volatility	85.04%	85.12% - 88.06%
Dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%

Warrants – Derivative Liability

The Company's detachable warrants related to the units issued in the July 15, 2020 and December 21, 2020 private placements have an exercise price denominated in foreign currency (Canadian dollars) and were classified and accounted for as a derivative liability at fair value with changes in fair value included in profit or loss. During the year ended December 31, 2022, warrants which were set to expire on July 15, 2022 were fully exercised, and warrants with a December 21, 2022 expiry date were partially exercised.

During the six-month period ended June 30, 2022, there was a derivative gain of \$9,437,874 from the mark-to-market measurement of the warrant derivative liability. The weighted average assumptions used in the Black-Scholes pricing model to calculate the fair value of the warrants were: an expected life of 0.30 year; annualized volatility of 73.92%; a risk-free interest rate of 2.18%; and zero expected dividend yield.

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Earnings (loss) per share:

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three months ended	
	June 30, 2023	June 30, 2022
Numerator		
Income (loss) for the period	\$ (1,797,808)	\$ 2,570,756
Effect of dilutive securities	-	(5,574,708)
	\$ (1,797,808)	\$ (3,003,952)
Denominator		
For basic – weighted average number of shares outstanding	226,844,631	168,959,344
Effect of dilutive securities		23,212,810
For diluted – adjusted weighted average number of the shares outstanding	226,844,631	192,172,154
Earnings (loss) Per Share		
Basic	\$ (0.01)	\$ 0.02
Diluted	\$ (0.01)	\$ (0.02)

	Six months ended	
	June 30, 2023	June 30, 2022
Numerator		
Income (loss) for the period	\$ (4,429,579)	\$ 4,562,616
Effect of dilutive securities	-	(9,437,874)
	\$ (4,429,579)	\$ (4,875,258)
Denominator		
For basic – weighted average number of shares outstanding	215,038,181	163,645,169
Effect of dilutive securities	-	24,549,681
For diluted – adjusted weighted average number of the shares outstanding	215,038,181	188,194,850
Earnings (loss) Per Share		
Basic	\$ (0.01)	\$ 0.03
Diluted	\$ (0.01)	\$ (0.03)

For the three and six months ended June 30, 2023, 18,055,785 stock options and 1,677,000 compensation options were not included in the calculation of diluted earnings per share as the Company was in a loss position and thus any impact would be anti-dilutive. For the three and months ended June 30, 2022, 4,705,638 stock options were not included in the calculation of diluted earnings per share as they are out of the money.

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10. EXPLORATION AND EVALUATION EXPENSES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Assays	\$ 183,867	\$ 228,183	\$ 273,524	\$ 285,233
Consulting – geological and other	67,228	115,279	278,911	175,775
Drilling	384,332	498,809	598,312	791,006
Equipment and vehicle expenses	118,231	131,300	226,357	252,402
Environmental studies	3,244	117,597	-	182,592
Fees and licenses	3,998	523	38,529	2,421
Field expenditures and road construction	102,471	169,066	162,351	294,864
Other	8,191	12,715	14,390	32,679
Payroll	297,165	258,711	585,745	485,266
Room and boarding	61,539	81,604	119,131	127,615
Total	\$ 1,230,266	\$ 1,613,787	\$ 2,297,250	\$ 2,629,853

11. GENERAL AND ADMINISTRATION EXPENSES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Investor relations and shareholder communication	27,541	74,470	134,079	131,545
Insurance	28,686	38,864	63,496	90,675
Management and director fees	316,682	209,599	545,685	415,460
Office and miscellaneous	63,674	183,920	121,649	250,614
Payroll	100,962	170,329	263,958	328,100
Rent	18,430	19,554	36,538	26,935
Subscriptions and licenses	2,732	5,969	4,031	32,784
Telephone and information technology	13,787	16,624	28,384	33,620
Travel	52,079	65,992	95,596	111,664
Other	12,495	29,699	53,488	47,166
Total	\$ 637,068	\$ 815,020	\$ 1,346,904	\$ 1,468,563

12. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity totalling \$21,325,882 (2022 - \$7,474,680). The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments as a result of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

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13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**Financial instruments**

The Company is required to disclose the fair value of each class of financial assets and liabilities in the financial statements. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and accounts payable approximate fair value due to the short-term nature of the financial instruments. Warrant liability was measured at fair value based on Level 2 inputs.

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include, credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits cash with high credit quality financial institutions as determined by rating agencies.

Currency risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs are primarily in US dollars, Canadian dollars, Brazilian reals, and Euro. Hence, any fluctuation of the US dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities.

The Company is exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the functional currency of the applicable company:

As at June 30, 2023	US dollar	Canadian dollar	Pound Sterling	Brazilian Real
Cash	\$ 991,814	\$ 13,140,372	\$ 24,420	\$ 9,130
Prepaid expenses and other assets	121,317	25,396	-	117,372
Total Assets	1,113,131	13,165,768	24,420	126,502
Accounts payable and accrued liabilities	(1,483,724)	(7,037)	-	(755,571)
Net Assets	\$ (370,593)	\$ 13,158,731	24,420	\$ (629,069)

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As at December 31, 2022	US dollar	Canadian dollar	Brazilian real
Cash	\$ 50,523	\$ 6,066,485	\$ 57,883
Prepaid expenses and other assets	153,657	19,768	42,978
Total Assets	204,180	6,086,253	100,861
Accounts payable and accrued liabilities	(2,257,514)	(110,233)	(500,430)
Net Assets	\$ (2,053,334)	\$ 5,976,020	\$ (399,569)

As at June 30, 2023, fluctuations of +/- 10% in the US dollar, relative to those foreign currencies, would impact the Company's consolidated income for the six-month period ended June 30, 2023 by approximately \$1,255,408. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by approximately \$1,331,669, \$76,261 and \$1,255,408, respectively, as at June 30, 2023.

The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company does not believe its interest rate risk is significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Company has historically relied upon equity financings to maintain an adequate level of cash to satisfy its capital requirements and will continue to depend heavily upon equity financings. All of the Company's accounts payable and accrued liabilities are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing exploration of its properties, such capital is expected to be derived from the completion of equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

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As at June 30, 2023, the Company's liabilities have the following contractual maturities:

	June 30, 2023	<1 Year	2 Years	Total
Accounts payable and accrued liabilities	\$ 2,246,332	\$ -	\$ -	2,246,332
Taxes and fees payable	305,093	37,327	-	342,420
Provisions	371,057	60,992	-	432,049
	<u>\$ 2,922,482</u>	<u>\$ 98,319</u>	<u>\$ -</u>	<u>3,020,801</u>

14. SEGMENTED INFORMATION

A significant portion of the Company's operations are located in Brazil. From time to time various legal, labour, The Company operates in one operating segment, being the acquisition, exploration and development of exploration and evaluation properties in Brazil. Accordingly, the chief decision makers consider Meridian to currently have one segment and, therefore, segmented information is not presented.

15. SUBSEQUENT EVENTS

On July 27, 2023, the Company announced the grant of 695,000 stock options to certain Directors of the Company with an exercise price of C\$0.50 per common share for a term of five years, until July 26, 2028.