SOMA GOLD CORP.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2023 and 2022

GrantThornton

Independent Auditor's Report

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To the shareholders of

Soma Gold Corp.

Opinion

We have audited the consolidated financial statements of Soma Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and December 31, 2022 and the consolidated statements income and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Change in senior leadership due to allegations of illicit enrichment

Subsequent to year-end, the Company had a change in leadership due to allegations of illicit enrichment against one of the members of senior management from their time in a previous role that did not involve the Company.

As a result of these allegations, the audit team identified an elevated financial statement level risk. Given the significance of this heighted risk, the fact that the Company operates in an emerging market and the significant auditor attention this area required during our audit, we have identified this as a key audit matter.

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Our audit procedures included, amongst other procedures:

- We reviewed management's anti-bribery anti-corruption policies and obtained an understanding of their vendor and payment approval policy;
- We held discussions with the Company's legal counsel and assessed management's response to the allegations;
- We engaged an internal specialist to assess the results of management's expert and their response to the allegations;
- We performed testing of vendors for evidence of appropriate approval in accordance with the Company's policies and procedures; and
- We utilized senior members of the engagement team in our testing of higher risk areas.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Iwanaka.

Grant Thornton LLP

Vancouver, Canada
April 29, 2024

Chartered Professional Accountants

Soma Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	**December 31, 2023 $**	**December 31, 2022 $**
ASSETS			
Current assets			
Cash and cash equivalents		1,781,703	529,667
Trade and other receivables	6	11,730,126	6,755,306
Inventory	7	8,187,858	4,751,233
Prepaids and deposits	8	953,873	767,280
Total current assets		**22,653,560**	**12,803,486**
Non-current assets			
Notes receivable	14	-	54,032
Exploration and evaluation assets	9	9,122,793	4,447,326
Mineral properties, plant and equipment	10	42,323,130	34,208,542
TOTAL ASSETS		**74,099,483**	**51,513,386**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11, 15	16,156,963	10,517,315
Equipment financing - current portion	12	2,324,997	1,944,226
Lease obligations - current portion	13	305,316	243,319
Deferred revenue - current portion	14	228,488	9,488
Subordinated note - current portion	15	3,331,825	-
Total current liabilities		**22,347,589**	**12,714,348**
Non-current liabilities			
Deferred income tax liability		7,032,000	3,537,000
Equipment financing	12	2,139,566	3,928,759
Lease obligations	13	347,636	274,908
Deferred revenue	14	1,128,371	1,537,818
Subordinated note	15	22,848,021	22,400,264
Decommissioning and restoration provision	16	1,876,693	1,441,080
Contingent consideration	17	2,225,997	2,913,648
TOTAL LIABILITIES		**59,945,873**	**48,747,825**
SHAREHOLDERS' EQUITY			
Share capital	20	54,484,699	54,373,173
Share option, RSU and warrant reserve	20	6,561,626	6,266,098
Contributed surplus		7,171,442	7,171,442
Deficit		(56,001,934)	(58,798,808)
Accumulated other comprehensive gain (loss)		1,937,777	(6,246,344)
TOTAL SHAREHOLDERS' EQUITY		**14,153,610**	**2,765,561**
TOTAL LIABILITIES AND EQUITY		**74,099,483**	**51,513,386**

Nature of operations (Note 1)
Subsequent event (Note 25)

On behalf of the Board of Directors:

"Geoffrey Hampson"	*"Yannis Tsitos"*
Geoffrey Hampson (Director)	Yannis Tsitos (Director)

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

Soma Gold Corp.
Consolidated Statements of Income and Comprehensive Income (Loss)
For the Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	For the year ended December 31, 2023 $	December 31, 2022 $
Revenues		81,161,712	52,958,464
Cost of sales	18	(53,113,483)	(33,981,451)
Income from mine operations		28,048,229	18,977,013
Staffing and management costs		3,808,024	2,686,343
Other general and administration		1,810,979	1,491,273
Professional and consulting fees		1,009,590	1,253,576
Share-based compensation	20	358,054	647,666
Investor relations		117,500	169,417
Depreciation		97,083	99,063
Income before other items		20,846,999	12,629,675
Finance costs		(6,481,578)	(4,949,978)
Other losses	19	(33,114)	(4,128,689)
Foreign exchange gain (loss)		(357,433)	206,532
Income before tax		13,974,874	3,757,540
Current income tax expense	24	(7,683,000)	(2,935,000)
Deferred income tax expense	24	(3,495,000)	(565,000)
Income for the year		2,796,874	257,540
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment		8,184,121	(2,859,768)
Total comprehensive income (loss) for the year		**10,980,995**	**(2,602,228)**

Earnings per common share			
Basic	23	0.03	0.00
Diluted	23	0.03	0.00
Weighted average number of common shares outstanding			
Basic	23	91,256,523	85,059,990
Diluted	23	93,902,781	87,216,913

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

Soma Gold Corp.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	Number of Common Shares	Share Capital $	Share option and warrant reserve $	Contributed surplus $	Deficit $	Accumulated Other Comprehensive Income $	Total $
Balance as at December 31, 2021		**66,120,150**	**48,113,755**	**5,639,099**	**7,171,442**	**(59,056,348)**	**(3,386,576)**	**(1,518,628)**
Exercise of stock options	20	250,000	77,500	-	-	-	-	77,500
Exercise of warrants	20	24,645,002	6,161,251	-	-	-	-	6,161,251
Issuance of RSU shares	20	66,668	20,667	(20,667)	-	-	-	-
Share-based compensation	20	-	-	647,666	-	-	-	647,666
Income		-	-	-	-	257,540	-	257,540
Other comprehensive loss		-	-	-	-	-	(2,859,768)	(2,859,768)
Balance as at December 31, 2022		**91,081,820**	**54,373,173**	**6,266,098**	**7,171,442**	**(58,798,808)**	**(6,246,344)**	**2,765,561**
Exercise of stock options	20	200,000	83,527	(34,527)	-	-	-	49,000
Issuance of RSU shares	20	66,667	27,999	(27,999)	-	-	-	-
Share-based compensation	20	-	-	358,054	-	-	-	358,054
Income		-	-	-	-	2,796,874	-	2,796,874
Other comprehensive income		-	-	-	-	-	8,184,121	8,184,121
Balance as at December 31, 2023		**91,348,487**	**54,484,699**	**6,561,626**	**7,171,442**	**(56,001,934)**	**1,937,777**	**14,153,610**

Soma Gold Corp.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

		For the year ended
	December 31, 2023 $	December 31, 2022 $
Operating Activities		
Income for the period from continuing operations	2,796,874	257,540
Non-cash items:		
Finance costs	6,481,578	4,949,978
Depreciation	10,653,021	3,851,564
Other losses (gains)	33,114	4,128,689
Deferred income tax recovery	3,495,000	565,000
Share-based compensation	358,054	647,666
Foreign exchange loss	357,433	(206,532)
Changes in working capital items:		
Trade and other receivables	(5,042,908)	(2,086,726)
Inventory	(2,059,682)	(1,013,290)
Prepaids, deposits and advance royalties	(186,593)	(33,610)
Trade payables and accrued liabilities	2,283,755	(821,318)
Net cash from operating activities	**19,169,646**	**10,238,961**
Investing Activities		
Expenditures on construction in progress	(2,495,379)	(9,729,083)
Expenditures on exploration and evaluation assets	(2,618,074)	(941,302)
Expenditures on mineral properties, plant and equipment	(10,598,378)	(9,415,739)
Option payments received	134,970	-
Disposition of property, plant and equipment	230,499	51,254
Disposition of exploration and evaluation assets	-	318,878
Net cash used in investing activities	**(15,346,362)**	**(19,715,992)**
Financing Activities		
Increase in equipment financing	713,691	6,632,313
Repayment of equipment financing	(2,499,928)	(530,722)
Net increase in lease obligation	315,895	690,167
Lease payments	(361,692)	(169,169)
Gold deliveries under offtake agreement	(877,450)	(3,360,191)
Repayment of notes payable	(600,000)	-
Proceeds from exercise of stock options and share purchase warrants	49,000	6,161,251
Repayment of notes receivable	54,032	(22,101)
Net cash from (used in) financing activities	**(3,206,452)**	**9,401,548**
Effect of foreign exchange rate fluctuation	635,204	353,538
Increase in cash during the year	1,252,036	278,055
Cash, beginning of the year	529,667	251,612
Cash, end of the year	**1,781,703**	**529,667**

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Soma Gold Corp. ("Soma" or the "Company") was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia) and trades on the TSX Venture Exchange under the symbol "SOMA" and on the OTCQB Venture Market under the symbol "SMAGF".

The Company's principal business activity is the acquisition, exploration and development of mineral properties, and the operation of the El Bagre Gold Mining Complex through its wholly owned subsidiary Operadora Mineras S.A.S ("Operadora"). The El Bagre operations consists of a gold processing plant and the Cordero underground gold mine. Commercial production was declared for the Cordero mine on January 1, 2023.

The registered office of the Company is 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8 and its head office is 970-1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

2. BASIS OF PRESENTATION

Statement of compliance
These consolidated financial statements (the "financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the Board of Directors on April 24, 2024.

Basis of measurement
These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Basis of consolidation
These financial statements include the financial statements of the Company and its controlled subsidiaries.

Name of subsidiary	Place of incorporation	Ownership interest at December 31, 2023	Principal activity
Angra Metals Mineracao Ltda ("Angra")	Brazil	100%	Operating exploration company
Colombia Milling Ltd. ("CML")	Belize	100%	Holding company
Operadora Minera S.A.S. ("Operadora")	Colombia	100%	Producing gold mine and active exploration and development company
Soma Gold US Inc.	United States	100%	US-based administration company

The financial statements of CML contain the results of Colombian subsidiaries Zara Holdings SAS and Four Points Mining SAS.

Control is achieved when the Company is exposed or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances are eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

Foreign currency translation

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar ("CAD"). The functional currency of Angra is the Brazilian Real. The functional currency of CML, Four Points and Soma Gold US Inc. is the US dollar ("USD"). The functional currency of Operadora is the Colombian Peso. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate as at the reporting date and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive income or loss as cumulative translation differences.

On disposal of foreign operations, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Transactions and balances
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statements of income (loss).

Financial instruments

Financial assets – classification
Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms which give rise to the cash flows.

For assets measured at fair value, gains and losses will either be recorded in earnings or other comprehensive income ("OCI"). For investments in debt instruments, this will depend on the business model for which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets – Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statements of income (loss).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings when the asset is derecognized or impaired. Interest income from these financial assets is included in interest and finance income using the effective interest rate method.

• FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in earnings. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance expenses using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange gain (loss) and impairment expenses in other expenses.

• FVTPL – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings and presented net in the statements of income (loss) within other gains (losses) in the period in which it arises.

Financial assets - impairment
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for a financial asset measured at amortized cost is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial asset measured at amortized cost, other than a trade receivable, has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to the 12-month expected credit losses. For trade receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses.

For a financial asset that becomes credit-impaired, the Company measures the expected credit losses as the difference between the gross carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognizes the amount of expected credit losses (or reversal) required to adjust the loss allowance at each reporting date to the required amount as an impairment loss (or gain) in net income or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash holdings in business and savings accounts held at major financial institutions with an original maturity date of three months or less. Cash and cash equivalents are classified at amortized cost.

Trade and other receivables
The Company's trade receivables result from sales transactions in accordance with IFRS 15, Revenue from Contracts with Customers. The trade and other receivables are classified at amortized cost.

Financial liabilities
Financial liabilities are measured at amortized cost unless they are required to be measured at FVPTL (such as instruments held for trading or derivatives) or the Company has opted to measure at FVPTL.

Financial liabilities at FVTPL
Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments, including the contingent consideration associated with the Company's purchase of Operadora (Note 17). Gains or losses on financial liabilities at FVTPL are recognized in profit or loss.

Loans and borrowings and payables
Trade payables and accrued liabilities, equipment financing and the subordinated note are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.

Financial liabilities are derecognized when the obligation specified in the underlying contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss, unless the financial liability is settled with the Company's shares, in which case it is recognized in profit or loss and equity. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognized in the statements of income (loss).

Derivatives
Derivative instruments, including embedded derivatives in financial liabilities or non-financial contracts are recorded at FVTPL. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The contingent consideration associated with the Company's purchase of Operadora (Note 17) is accounted for at fair value using discounted cash flow models.

Impairment of non-financial assets
The carrying amounts of non-financial assets included in mineral properties, plant and equipment and exploration and evaluation assets are reviewed for indicators of impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use. An impairment loss exists if the asset's carrying amount exceeds the recoverable amount and is recorded as an expense immediately.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into earnings immediately.

Income or loss per common share
Basic income or loss per common share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares issued and outstanding for the relevant year.

Diluted income or loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Revenue recognition
The Company produces doré which contains both gold and silver. The doré is further processed to produce refined metals. The Company's performance obligations relate primarily to the delivery of mine production in doré form to its customers.

Revenue is recognized when control is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those products. In determining whether the Company has satisfied the performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether the Company has a present right of payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the products.

Under the Company's purchase and refining agreement (Note 14), the Company is required to deliver 100% of production directly to the customer's designated refinery for further processing. The delivery of doré to the refinery is cash settled directly and is recorded based on the spot price on the date of delivery. The Company receives payment for 75% of the delivery value on the business day following delivery, and the remaining 25% on the business day following the export of refined metal by the refinery. The delivery value is 97.8% of the delivered gold, and 70.3% of the delivered silver multiplied by the respective spot prices of gold and silver. 2.2% of the delivered gold and 29.7% of the delivered silver are treatment and refining charges. Control over the gold and silver bearing doré is transferred to the customer and revenue recognized upon the physical delivery of doré to the refinery. Revenue is recognized net of the treatment and refining charges on the statements of income (loss).

Revenue is based on estimated mineral content on date of delivery which is subject to adjustment upon final measurements based on weights and assays. Any adjustments in final gold and silver content are considered as new sales or taken into account in subsequent deliveries if less than originally stated.

Deferred revenue
The Company recognizes deferred revenue in the event it receives payments from customers in consideration for future commitments to deliver metals and before such sale meets the criteria for revenue recognition. The Company recognizes amounts in revenue as the metals are delivered to the customer.

Specifically, for the offtake agreement as further described in Note 14 of these financial statements, the Company determines the amortization of deferred revenue to the statements of income (loss) on a per unit basis using the estimated total quantity of gold expected to be delivered over the term of the contract. The Company estimates the current portion of deferred revenue based on quantities anticipated to be delivered over the next twelve months.

Decommissioning and restoration provision
The Company has provisions for decommissioning and restoration costs which include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning and restoration costs are a normal consequence of mining and a majority of decommissioning and restoration expenditures are expected to be incurred at the end of the life of mine. Decommissioning and restoration costs are estimated and discounted to their net present value and capitalized to the carrying amount of the related asset along with the recording of a corresponding liability as soon as the obligation to incur such costs arises. The discount rate used to calculate the net present value is a pre-tax rate that reflects risks specific to the liability.

Inventory
In-circuit and finished metal inventory (gold and silver) are valued at the lower of weighted average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation of plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert the inventories into saleable form and estimated costs to sell.

Materials and supplies inventory is measured at the lower of cost and net realizable value. Costs include acquisition, freight and other directly attributable costs. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Any write-downs of inventory to net realizable value are recorded within cost of sales in the statements of income (loss). If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed up to cost to the extent that the related inventory has not been sold.

Exploration and evaluation expenditures
Exploration and evaluation expenditures include the costs of acquiring and maintaining licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized. Exploration and evaluation costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, expenditures are reclassified to mineral properties within mineral properties, plant and equipment. Subsequent exploration expenditures on the project are capitalized if such costs are expected to be recouped in full through successful development and exploitation of the property, or, alternatively, through the sale of the property.

Exploration and evaluation assets are tested for impairment immediately prior to reclassification to mineral properties.

Mineral properties
Mineral properties include the fair value attributable to mineral reserves and resources acquired in a business combination or asset acquisition, underground mine development costs and previously capitalized exploration and evaluation costs. Upon commencement of production, a mineral property is depleted using the unit-of-production method. Unit-of-production depletion rates are determined using gold ounces mined over the estimated mineral reserves and resources of the mine. Commercial production was declared for the Cordero mine on January 1, 2023.

Plant and equipment
Plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner

intended by management and the estimated future cost of dismantling and removing the asset. The purchase price or construction cost is the fair value of consideration given to acquire the asset.
Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as plant and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as repairs and maintenance.

The carrying amounts of plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, if shorter. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use.

The major categories of plant and equipment are depreciated at the following useful lives:

Office equipment	4-5 years
Vehicles	5-7 years
Equipment & machinery	10 years
Right-of-use assets	Term of lease
Buildings and infrastructure	4-20 years

Depreciation methods and estimated useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

Lease obligations and right-of-use assets
At inception, the Company reviews all contracts to determine if it is, or contains, a lease. The parameters of the lease are then reviewed and assessed for the application of IFRS 16 to each lease. All small value leases and/or leases for a term of less than 12 months are recorded as an expense on a straight-line basis over the lease term.

The Company recognizes the right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially recorded at cost based on the initial amount of the lease liability. The right-of-use asset is amortized on a straight-line basis over the life of the lease.

The lease liability is initially measured at the present value of lease payments discounted at the interest rate implicit in the lease agreement or the Company’s incremental borrowing rate if the implicit rate cannot be readily determined.

Share capital
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received, and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under share option and warrants reserve.

Stock options

Options granted to employees under the Company's equity settled share-based option plan are measured at fair value at the date of grant. Fair value is determined using the Black-Scholes option pricing model, which relies on estimates of the risk-free interest rate, expected share price volatility, future dividend payments and the expected average life of the options. The fair value determined at the grant date is recognized as an expense over the vesting period in accordance with the vesting terms and conditions (graded vesting method), with a corresponding increase in share option and warrants reserve in equity.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as share option and warrants reserve in equity. Share issue costs are netted against share proceeds on a pro rata basis.

Income and mining taxes

Income taxes include Canadian, Colombian, and Brazilian income taxes. The provision for income tax for the year comprises current and deferred income tax. Income tax is recognized in the statements of income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted, at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable earnings. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates at the end of the reporting year applicable to the year of expected realization. A deferred tax asset is recognized only to the extent that it is probable that future taxable earnings will be available against which the asset can be utilized.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

Sources of estimation uncertainty

Mineral reserves and resources
The Company estimates its mineral reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. The estimation of mineral reserves and resources requires judgment to interpret available geological data, select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs and recovery rates. There are uncertainties inherent in estimating mineral reserves and resources and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. New geological data as well as changes in the above assumptions may change the economic status of reserves and may, ultimately, result in the reserves being revised.

Changes in the mineable ore reserves and resources available may impact the carrying value of mineral properties, exploration and evaluation properties, plant and equipment, site closure and reclamation provision, changes in the recognition of deferred tax amounts, contingent consideration and deferred revenue balances, and changes in the recognition of depreciation and depletion.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, forfeitures, volatility and dividend yield and making assumptions about them.

Contingent consideration
Contingent consideration arises from the 1% NSR royalty payment due on the acquisition of Operadora (Note 17). The contingent consideration was initially recognized at the date of acquisition as part of the consideration transferred, at the acquisition date fair value. The contingent consideration is remeasured to fair value at each reporting date with changes recognized in profit or loss. The fair value is determined using a discounted cash flow estimate which requires estimating the amount and timing of future gold production, future gold prices and an appropriate discount rate.

Decommissioning and restoration provision
Decommissioning and restoration provision (“DRP”) arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of DRPs relate to rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes a DRP at the time the environmental disturbance occurs. This requires management to make estimates of future costs the Company will incur to comply with reclamation laws and regulations, the timing of those costs, rates of inflation and an appropriate discount rate.

Amortization of property, plant and equipment and depletion of mining interests
Amortization rates are determined based on the estimated useful lives of the assets and depletion rates on the estimated recoverable reserves of the mineral property. If the asset life or recoverable reserves estimates differ from the initial estimates the amortization or depletion rates, as applicable, would be adjusted on a prospective basis.

Key accounting policy judgments

Impairment and reversal of impairment of mineral properties, plant and equipment
The application of the Company's accounting policy for impairment of mineral properties, plant and equipment requires judgment to determine whether indicators of impairment exist. The review of impairment indicators includes consideration of both external and internal sources of information, including factors such as market and economic conditions, metal prices and forecasts, capital expenditure requirements, future operating costs and production volumes.

Impairment of exploration and evaluation assets
The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date.

Commencement of commercial production
Determining when a mine under construction is substantially complete and ready for its intended use requires significant judgement. Some of the factors considered include: the completion of all major capital expenditures required to bring the mine into steady state operation; completion of a reasonable period of testing; the ability to produce a saleable product; transfer of the mine from the construction group to operating personnel; production reaching a pre-determined percentage of design capacity; recoveries are at or near expected levels; and the ability to sustain ore at a steady or increasing level.

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

Deferred revenue
The Company assessed the appropriate accounting treatment and the carrying value of deferred revenue, which is a commodity transaction, based on the terms of the agreement. The Company applied significant judgement on the discount rate, expected future production results, forecast metal prices and assumptions made regarding exercises of certain clauses of the agreement. "Own use" applies to contracts that were entered into to be held for the purpose of the receipt or delivery of a commodity. "Own use" contracts must result in physical delivery of the commodity and cannot be settled net in cash or through offsetting contracts. The Company applied significant judgement in determining whether "own use" applies to its offtake agreement (Note 14) and if the contract can be net settled in cash or offsetting contracts.

Modification or extinguishment of financial liabilities
The Company makes qualitative and quantitative analysis over modification or replacement of financial liability terms. The Company makes judgements over qualitative aspects to determine whether a debt instrument should be treated as a modified or extinguished financial liability. The areas of judgement are whether there has been an exchange between borrower and lender with substantially different terms; whether there has been a substantial modification of the terms of an existing financial liability; and whether if there are any revisions of the estimates of payments. The Company applied significant judgement on the discount rate used to recalculate the gross carrying amount of the amortized cost of the financial liability as the present value of estimated future contractual cash flows.

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company’s current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. The amendments are effective January 1, 2023, with early adoption permitted. The Company adopted the amendments effective January 1, 2023, with no material impact to the consolidated financial statements for 2023.

In February 2021, the IASB issued amendments to IAS 8 to introduce a definition of "Accounting Estimates". The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective January 1, 2023, with early adoption permitted. The Company adopted the amendments effective January 1, 2023, with no material impact to the consolidated financial statements for 2023.

In May 2021, the IASB published amendments to IAS 12 - Income Taxes. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permitted. The Company adopted the amendments effective January 1, 2023, with no material impact to the consolidated financial statements for 2023.

The IASB has issued amendments to IAS 1 (Presentation of Financial Statements), IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures) that are effective for accounting periods beginning on or after January 1, 2024. The Company has reviewed these updates and determined that none are applicable or consequential to the Company and they have been excluded from discussion within these material accounting policies.

(Expressed in Canadian Dollars)

6. TRADE AND OTHER RECEIVABLES

The Company's receivables consist of the following:

	December 31, 2023 $	December 31, 2022 $
Income taxes receivable	335,002	248,941
Trade receivables	1,313,589	1,041,014
Employee allowances	527,443	469,819
Value-added tax receivable	9,473,488	4,851,506
Other	80,604	144,026
	11,730,126	**6,755,306**

7. INVENTORY

The Company's inventory consists of the following:

	December 31, 2023 $	December 31, 2022 $
Materials and supplies	6,488,736	4,221,512
Gold in-circuit	1,699,122	529,721
	8,187,858	**4,751,233**

The amount of inventory recognized as an expense for the year ended December 31, 2023 was $14,401,924 (2022 - $10,308,882) and is included as a production cost in cost of sales (Note 18).

8. PREPAIDS AND DEPOSITS

The Company's prepaids and deposits consist of the following:

	December 31, 2023 $	December 31, 2022 $
Advances to suppliers	318,896	307,454
Prepaid insurance	463,369	378,959
Prepaid software	160,955	66,673
Other advances	3,530	7,071
Deposits	7,123	7,123
	953,873	**767,280**

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

	Nechi	Zara	Otu Centro	Tucumã	Total
	$	$	$	$	$
December 31, 2021	**612,211**	**743,822**	**-**	**2,289,049**	**3,645,082**
Additions	241	878,239	-	62,822	941,302
Option payments received	-	-	-	(318,878)	(318,878)
Shares issued for option agreement	-	-	-	77,500	77,500
Foreign exchange	(751)	(156,806)	-	259,877	102,320
December 31, 2022	**611,701**	**1,465,255**	**-**	**2,370,370**	**4,447,326**
Additions	28,266	818,218	3,252,902	-	4,099,386
Option payments received	-	-	-	(134,970)	(134,970)
Foreign exchange	4,109	405,893	162,128	138,921	711,051
December 31, 2023	**644,076**	**2,689,366**	**3,415,030**	**2,374,321**	**9,122,793**

Nechi Gold Project

The Company owns 100% of the Nechí Gold Project (“Nechi”), which itself is comprised of the El Catorce, Santa Elena, and Santa Maria gold exploration projects located in Antioquia, Colombia. The properties are subject to NSR royalties totaling 2.0%.

Zara Properties

The Company owns 100% of the Zara exploration properties located in Antioquia, Colombia, except for the rights pertaining to non-metallic minerals. The properties are subject to a 2% NSR royalty.

Otu Centro Properties

On May 17, 2023 the Company announced that it had purchased 100% of the Otu Centro exploration properties located in Antioquia, Colombia. The Otu Centro properties are directly south of and contiguous with the Company’s Zara exploration properties.

Principal terms of the agreement include:

(i) An initial cash payment of US$1,000,000 on closing the agreement (completed).
(ii) A second cash payment of US$1,120,000 due on May 12, 2024.
(iii) The assumption and payment of US$150,000 in liabilities related to the properties (completed).
(iv) The granting of a 2% NSR on metallic minerals. One-half of the NSR (1%) can be repurchased for US$1,000,000 (indexed to US CPI).

Tucumã Gold Project

Through its subsidiary Angra, the Company owns a 100% interest in the Tucumã copper/gold exploration project, located in the Carajas metallogenic province in the State of Pará, Brazil.

On March 15, 2022, the Company announced that it had optioned its Tucumã Project in Brazil to Ero Copper Corp. (“Ero”). Ero can acquire a 100% interest in the Project by completing the following:

a. Cash payments of:
   a. US$250,000 on signing the agreement (completed)
   b. US$100,000 on or before five business days after September 6, 2023 (completed)
   c. US$100,000 on or before five business days after September 6, 2024

b. Complete exploration expenditures of:
   a. US$1,200,000 on or before September 6, 2023 (completed)
   b. US$250,000 on or before September 6, 2024 (completed)
   c. US$250,000 on or before September 6, 2025 (completed)

(Expressed in Canadian Dollars)

c. Make a final option payment of US$6,000,000 in cash or common shares in the event that Soma has exercised the Buy-Back Option (defined below), or US$3,000,000 in cash or common shares in the event that Soma has failed to exercise the Buy-Back Option, on or before September 6, 2025.

Ero has completed the first two cash payments, totaling US$350,000, and incurred exploration expenditures of US$1.9 million on the Tucuma Project.

Soma entered into a separate agreement with the former owners of certain mining rights within the Project providing Soma an option (the "Buy-Back Option") to acquire the former owners' existing 1% net smelter returns royalty ("NSR") and to extinguish the former owners' right to a US$3,000,000 payment due upon commencement of commercial production. Soma can exercise the Buy-Back Option by issuing the former owners an initial 250,000 common shares of Soma (completed) and issuing an additional 250,000 common shares of Soma within three years.

Upon Soma having exercised the Buy-Back Option and Ero having exercised the Option to acquire a 100% interest in and to the Properties, Soma will be entitled to receive a 1.5% NSR, subject to Ero retaining the exclusive right and option to repurchase a 1.0% NSR by paying to Soma US$1,000,000 by the third anniversary after the date on which Ero publicly announces a construction decision on the Project.

10. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral Properties	Buildings & Infrastructure	Equipment & Machinery	Office Equipment	Vehicles	Right-of-use Assets	Construction In Progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2021	**9,654,252**	**827,802**	**9,256,072**	**273,016**	**386,688**	**-**	**6,194,429**	**26,592,259**
Additions	1,465,995	274,278	4,508,434	108,330	2,368,537	690,167	9,729,083	19,144,822
Disposals	-	-	-	(187,305)	(61,235)	-	-	(248,540)
Foreign exchange	(527,294)	50,125	(223,804)	(9,015)	(223,753)	(60,705)	(1,511,994)	(2,506,441)
December 31, 2022	**10,592,953**	**1,152,205**	**13,540,701**	**185,026**	**2,470,236**	**629,462**	**14,411,519**	**42,982,100**
Additions	8,618,485	998,527	518,685	18,468	-	444,213	2,966,204	13,564,582
Disposals	-	-	-	(107,232)	-	(218,996)	-	(326,228)
Transfers	15,906,192	901,884	-	-	-	-	(16,808,076)	-
Foreign exchange	3,409,811	215,978	1,165,278	14,180	519,289	162,265	1,903,580	7,390,381
December 31, 2023	**38,527,441**	**3,268,594**	**15,224,664**	**110,442**	**2,989,525**	**1,016,944**	**2,473,227**	**63,610,837**

	Mineral Properties	Buildings & Infrastructure	Equipment & Machinery	Office Equipment	Vehicles	Right-of-use Assets	Construction In Progress	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2021	**1,991,506**	**155,242**	**2,730,766**	**110,564**	**223,636**	**-**	**362,489**	**5,574,202**
Depreciation/depletion	1,043,805	154,446	650,118	141,089	105,615	149,590	1,606,904	3,851,565
Disposals	-	-	-	(184,946)	(12,341)	-	-	(197,287)
Foreign exchange	(137,340)	(1,776)	(104,245)	1,418	(19,823)	(13,145)	(180,011)	(454,921)
December 31, 2022	**2,897,972**	**307,911**	**3,276,638**	**68,125**	**297,086**	**136,445**	**1,789,381**	**8,773,559**
Depreciation/depletion	8,756,993	485,047	888,430	8,853	204,695	309,003	-	10,653,021
Disposals	-	-	-	-	-	(95,729)	-	(95,729)
Transfers	1,998,793	-	-	-	-	-	(1,998,793)	-
Foreign exchange	1,134,175	70,712	422,373	1,561	67,738	50,886	209,412	1,956,856
December 31, 2023	**14,787,933**	**863,670**	**4,587,441**	**78,539**	**569,519**	**400,605**	**-**	**21,287,707**
Net Book Value								
December 31, 2022	7,694,981	844,293	10,264,063	116,901	2,173,150	493,017	12,622,137	34,208,542
December 31, 2023	**23,739,508**	**2,404,924**	**10,637,223**	**31,903**	**2,420,006**	**616,339**	**2,473,227**	**42,323,130**

El Bagre

The Company owns 100% of the El Bagre Gold Mining Complex ("El Bagre") in Antioquia, Colombia. El Bagre consists of the legacy La Ye and Los Mangos underground gold mines, the Cordero underground gold mine (commercial production declared on January 1, 2023), and an on-site gold processing plant. The La Ye and Los Mangos gold mines reached the end of their respective mine lives and were decommissioned in 2023. The properties are subject to an NSR royalty of 1%.

(Expressed in Canadian Dollars)

With the declaration of commercial production, construction in progress relating to the Cordero Mine was transferred to mineral properties in the period. In accordance with *International Accounting Standards 16*, proceeds from Cordero gold concentrates produced during the construction phase, along with related costs (including depletion) were recognized in profit or loss.

El Limon

The Company owns 100% of the El Limon Mine and Mill in Antioquia, Colombia. The mine is subject to a 3% NSR royalty on gold mined on the El Limon mineral licenses, to a maximum of US$2,000,000. Upon reaching the US$2,000,000 NSR royalty threshold, the NSR royalty decreases to 0.5% up to a maximum of US$1,000,000.

11. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2023 $	December 31, 2022 $
Trade payables	7,358,866	6,992,314
Taxes payable	3,225,474	616,147
Employee benefit liabilities	1,868,666	1,242,361
Property payment (Note 9)	1,481,312	-
Accrued liabilities	316,906	239,598
Salaries and wages payable	856,809	645,511
Withholdings payable	1,048,930	781,384
	16,156,963	**10,517,315**

12. EQUIPMENT FINANCING

	December 31, 2023 $	December 31, 2022 $
Opening balance	**5,872,985**	**-**
Increase in equipment financing	713,691	6,632,313
Interest	462,389	115,034
Repayments	(2,499,928)	(530,722)
Foreign exchange	(84,574)	(343,640)
Closing balance	**4,464,563**	**5,872,985**
Less: current portion	(2,324,997)	(1,944,226)
Non-current portion	**2,139,566**	**3,928,759**

The Company has entered a financing arrangement with Sandvik Financial Services S.A. to purchase various pieces of underground mining equipment. The loans carry interest rates from 9% to 11%, require monthly payments of principal and interest, and are amortized over 36 months. The Company has also entered into a financing arrangement with Komatsu Colombia S.A.S for the purchase of a piece of equipment. This loan carries an interest rate of 18%, requires monthly payments of principal and interest and is amortized over 12 months.

The financing is secured by the underlying equipment purchased, which has a net book value of $7,755,391 at December 31, 2023. The financed equipment is included in the equipment & machinery and vehicles categories of mineral properties, plant and equipment (Note 10).

(Expressed in Canadian Dollars)

13. LEASE OBLIGATIONS

	December 31, 2023 $	December 31, 2022 $
Opening balance	**518,227**	**-**
Disposal	(128,317)	-
Additions	444,212	690,167
Interest	75,436	31,585
Lease payments	(361,692)	(169,169)
Foreign exchange	105,086	(34,356)
Closing balance	**652,952**	**518,227**
Less: current portion	(305,316)	(243,319)
Non-current portion	**347,636**	**274,908**

The leases relate principally to light vehicles and portable camp and office buildings.

14. DEFERRED REVENUE

	December 31, 2,023 $	December 31, 2022 $
Opening balance	**1,547,306**	**2,445,269**
Interest	888,979	911,033
Gold deliveries	(877,450)	(3,360,191)
Revaluation due to updated mine plans	(151,490)	1,466,634
Foreign exchange	(50,486)	84,561
Closing balance	**1,356,859**	**1,547,306**
Less: current portion	(228,488)	(9,488)
Non-current portion	**1,128,371**	**1,537,818**

On September 9, 2020, the Company entered into an offtake agreement (“the Offtake Agreement”) with Nueva Granada Gold Corp (“NG”) and a purchase and refining agreement with MVPR International Incorporated (“MVPR”), a wholly-owned subsidiary of NG, for the mineral production from Operadora’s operations. The value of the Offtake Agreement was US$5.0 million.

- 12% on the first 24,500 gold ounces delivered (completed in January 2022);
- 6% on the next 22,000 gold ounces delivered (completed in January 2023); and
- 1% on the gold ounces delivered until the end of production.

The remaining payments under the Offtake Agreement are variable, as they are subject to cumulative adjustments when the number of ounces to be delivered under the contracts change, when there is an increase in the Company’s mineral reserve and resource estimates or when there are changes to the mine plans. The value of the remaining obligation saw a substantial increase during the year ended December 31, 2022 due to the release of a new resource estimate and updated mine plan.

For the year ended December 31, 2023, the Company delivered 31,425 (2022 - 22,629) ounces of gold under the Offtake Agreement. The delivery of the gold for the year ended December 31, 2023 resulted in a decrease in deferred revenue of $877,450 (2022 - $3,360,191).

(Expressed in Canadian Dollars)

The offtake obligation encompasses only gold mined on existing Operadora mining titles and is not applicable to the Company's other properties.

15. RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment unless otherwise stated. Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

The Company paid or accrued remunerations to its directors and officers as follows:

		Year ended
	December 31, 2023	December 31, 2022
	$	$
Staffing and management costs	1,001,312	1,332,836
Share-based compensation	201,814	541,660
	1,203,126	**1,874,496**

For the year ended December 31, 2023 the Company also paid $102,720 (2022 - $99,360) in office rent and $328,859 (2022 - $124,200) in consulting fees to a Company controlled by a director.

a) Subordinated Note

The Company has an outstanding ten-year Subordinated Note with a face value of $21,604,781 owing to Conex Services Inc. ("Conex"), a company owned by a director. The interest rate of the Subordinated Note is 12%, compounded quarterly. Principal and interest are repayable to Conex four years after the agreement date, beginning August 1, 2024. At inception, management used an effective interest rate of 18% to estimate the present value of the Subordinated Note at $14,539,366.

For the year ended December 31, 2023, $769,767 (2022 - $457,671) of accretion and $3,609,815 (2022 - $3,207,274) of interest was expensed as finance costs in the statements of income. The outstanding face value of the Subordinate Note, including accrued interest, as at December 31, 2023 was $31,771,349 (2022 - $28,761,534).

	December 31, 2023	December 31, 2022
	$	$
Opening balance	**22,400,264**	**18,735,319**
Interest and accretion	4,379,582	3,664,945
Repayments	(600,000)	-
Closing balance	**26,179,846**	**22,400,264**
Less: current portion	(3,331,825)	-
Non-current portion	**22,848,021**	**22,400,264**

Included in the subordinated debt is a prepayment option which is not clearly and closely related to the host contract and as such, is accounted for as an embedded derivative. Management assesses the embedded derivative at each reporting period to determine its fair value. As at December 31, 2023 and

(Expressed in Canadian Dollars)

December 31, 2022 it was determined that the prepayment option had a non-material balance and as such, it has not been adjusted for.

b) Other Balances and Transactions

- At December 31, 2023, there is $Nil in notes receivable due from an executive of the Company (2022 - $54,032). The notes carried an interest rate of 2.5% per annum, compounded monthly, and had a three-year term.
- At December 31, 2023, there is $34,326 in trade payables and accrued liabilities owing to executives and directors of the Company (2022 - $42,411).
- At December 31, 2023, there is $42,750 in trade payables and accrued liabilities owing to private companies owned by directors of the Company (2022 - $23,252).

16. DECOMMISSIONING AND RESTORATION PROVISION

	December 31 2023 $	December 31, 2022 $
Opening balance	**1,441,080**	**282,435**
Additions for new projects	173,782	1,024,669
Changes in estimated costs	170,155	147,790
Changes in economic assumptions	(136,991)	(1,244)
Accretion on provision	165,529	17,667
Settlements during the period	(266,603)	-
Foreign exchange	329,741	(30,237)
Closing balance	**1,876,693**	**1,441,080**

The Company estimates its decommissioning and restoration provision based on its understanding of the requirements to reclaim and remediate its El Bagre property based on its activities to-date. The Company's provision is based on the current best estimate of mine closure and reclamation activities considering the level of known disturbance at the reporting date, known legal requirements and internal cost estimates.

The Company valued the provision using the present value of the expected reclamation cash flows based on an appropriate discount rate to reflect the time value and risk of the cash flows. The Company used inflation rates of 5.24% to 2.96% (2022 - 7.15% to 2.96%), a discount rate of 9.40% (2022 - 12.96%) and a liability risk adjustment of 5.0% (2022 - 5.0%) in calculating the provision. At December 31, 2023, the liability for retirement and remediation on an undiscounted basis before fair value adjustment is $2,328,669 (2022 - $1,833,756).

During the year ended December 31, 2022, the Company recorded its initial estimate for the decommissioning and restoration of both the Cordero mine and a new tailings pond facility that is under construction at our El Bagre operations. These resulted in an increase to the provision of $1,024,669 and a corresponding increase to mineral properties (Note 10). Approximately 14% of the provision is anticipated to be utilized over 2023-2025 with the closure of the La Ye and Los Mangos mines and the current tailings pond facility. The remainder is expected to be incurred in the two years following the closure of the Cordero mine. The Cordero mine plan currently extends until 2027.

(Expressed in Canadian Dollars)

17. CONTINGENT CONSIDERATION

	December 31, 2023 $	December 31, 2022 $
Opening balance	**2,913,648**	**502,034**
Payments	(728,563)	(476,249)
Effect of foreign exchange difference	(75,604)	16,553
Loss on fair value adjustment	116,516	2,871,310
	2,225,997	**2,913,648**

The contingent consideration is associated with the acquisition of Operadora. It is related to a 1% NSR royalty due on all future production from the El Bagre and Nechi properties. The contingent consideration is the present value of discounted cash flows based on the expected amounts and timing of the NSR using an effective interest rate of 10%, average gold price of US$2,006, and average USD-CAD exchange rate of 1.34. If all other variables remain constant, a 10% change in the quantity of gold produced, the gold price or the exchange rate would change the contingent consideration by $226,000.

The contingent consideration payments are variable, as they are subject to cumulative adjustments when the number of ounces to be delivered under the contracts change, when there is an increase in the Company's mineral reserve and resource estimates or when there are changes to the mine plans.

18. COST OF SALES

	December 31, 2023 $	Year ended December 31, 2022 $
Production costs	42,557,545	30,228,950
Depreciation	10,555,938	3,752,501
	53,113,483	**33,981,451**

19. OTHER LOSSES

	December 31, 2023 $	Year ended December 31, 2022 $
Other income (expenses)	(68,088)	209,255
Loss on revaluations of deferred revenue and contingent consideration (Notes 14, 17)	34,974	(4,337,944)
	(33,114)	**(4,128,689)**

(Expressed in Canadian Dollars)

20. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Transactions

The following transaction impacted the number of common shares outstanding for the year ended December 31, 2023:

(i) The Company issued 200,000 common shares of the Company for proceeds of $49,000 related to the exercise of stock options.

(ii) The Company issued 66,667 common shares valued at $27,999 in relation to previously granted restricted share units.

The following transactions impacted the number of common shares outstanding for the year ended December 31, 2022:

(iii) The Company issued 24,645,002 common shares of the Company for proceeds of $6,161,251 related to the exercise of warrants.

(iv) The Company issued 250,000 common shares of the Company, valued at $77,500, pursuant to the Buy-Back Option associated with the Tucumã project (see Note 9).

(v) The Company issued 66,668 shares valued at $20,667 in relation to previously granted restricted share units.

Stock options

The Company has an incentive stock option plan ("Option Plan") whereby the Company may grant stock options to eligible employees, officers, directors and consultants with the exercise price, expiry date, and vesting conditions determined by the Board of Directors. All stock options are equity settled. The Option Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of the grant.

The Company's stock options outstanding as at December 31, 2023 and 2022 and the changes for the years then ended are as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2021	**3,417,500**	**0.65**	**3.33**
Granted	2,752,000	0.13	4.11
Expired	(277,500)	1.21	-
Balance, December 31, 2022	**5,892,000**	**0.47**	**3.70**
Granted	1,100,000	0.51	4.27
Exercised	(200,000)	0.25	-
Canceled	(175,000)	0.19	-
Expired	(425,000)	2.86	-
Balance, December 31, 2023	**6,192,000**	**0.33**	**2.80**

During the year ended December 31, 2023, the Company granted 1,100,000 options (2022 - 2,752,000) with various vesting terms. 200,000 (2022 - $Nil) options were exercised during the year ended December 31, 2023.

(Expressed in Canadian Dollars)

The fair value of all options granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating the fair values of options granted during the year ended December 31, 2023 and the year ended December 31, 2022 are as follows:

	May 2023	March 2023	December 2022	October 2022	March 2022	January 2022
Risk free rate	2.87%	2.96%	2.91%	3.49%	2.84%	2.74%
Expected life	5 years	5 years	2.5 years	1.5 years	3 years	5 years
Expected volatility	99%	99%	85%	70%	114%	100%
Forfeiture rate	Nil	Nil	Nil	Nil	Nil	Nil
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil

Total share-based compensation expense for the year ended December 31, 2023 related to the vesting of stock options was $338,250 (2022 - $623,568).

Stock options outstanding at December 31, 2023 were as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
July 3, 2025	0.19	1,350,000	1,350,000
October 6, 2025	0.32	250,000	250,000
December 22, 2025	0.31	350,000	350,000
April 28, 2026	0.33	100,000	100,000
May 28, 2026	0.32	640,000	640,000
January 10, 2027	0.35	1,662,000	1,662,000
May 18, 2025	0.31	100,000	100,000
December 26, 2027	0.30	640,000	640,000
March 27, 2028	0.46	800,000	800,000
May 3, 2028	0.66	300,000	300,000
	0.33	**6,192,000**	**6,192,000**

Stock options outstanding at December 31, 2022 were as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
February 23, 2023	2.30	200,000	200,000
May 10, 2023	2.25	25,000	25,000
July 3, 2023	3.00	100,000	100,000
July 3, 2023	4.00	100,000	100,000
July 3, 2025	0.19	1,625,000	1,625,000
October 6, 2025	0.32	250,000	250,000
December 22, 2025	0.31	350,000	350,000
April 28, 2026	0.33	100,000	100,000
May 28, 2026	0.32	640,000	640,000
January 10, 2027	0.35	1,662,000	1,662,000
May 18, 2025	0.31	100,000	100,000
December 16, 2027	0.30	740,000	740,000
	0.47	**5,892,000**	**5,892,000**

(Expressed in Canadian Dollars)

Restricted Share Units

Under the Option Plan, the Company may grant restricted share units (RSU's) to its eligible employees, officers, directors and consultants. The Option Plan stipulates that a maximum of 400,000 RSU's can be issued. The awards have a graded vesting schedule over a three-year period and are equity settled upon vesting. The associated compensation cost is recorded in share-based compensation expense.

	Number of RSU's	Weighted Average Fair Value $
Balance, December 31, 2021	**200,000**	**0.36**
Settled	(66,668)	0.31
Balance, December 31, 2022	**133,332**	**0.33**
Settled	(66,667)	0.67
Balance, December 31, 2023	**66,665**	**0.51**

Total share-based compensation expense for the year ended December 31, 2023 related to the vesting of RSU's was $19,804 (2022 - $24,098).

The RSU's are awarded to executives and are measured at fair value, which is determined based on the quoted market price of the Company's common shares at the grant date. The fair value of the estimated number of RSU's that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSU's with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSU's.

Warrants

The Company's warrants outstanding as at December 31, 2023 and 2022 and the changes for the years then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, December 31, 2021	**30,696,043**	**0.34**
Exercised	(24,645,002)	0.25
Expired	(301,041)	0.25
Balance, December 31, 2022	**5,750,000**	**0.72**
Expired	(5,750,000)	0.72
Balance, December 31, 2023	**-**	**-**

There were no warrants outstanding at December 31, 2023. Warrants outstanding at December 31, 2022 were as follows:

Expiry Date	Exercise Price $	Outstanding Warrants
April 4, 2023	2.00	250,000
October 16, 2023	0.66	5,500,000
	0.72	**5,750,000**

(Expressed in Canadian Dollars)

21. FINANCIAL RISK MANAGEMENT

Financial risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk, foreign currency risk and price risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the officers of the Company and discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

a) 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. The Company is subject to interest rate risk with respect to its cash; however, the risk is minimal because of their short-term maturity. All of the Company's interest-bearing debt instruments have fixed interest rates and are not subject to interest rate cash flow risk.

b) Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and trade receivables. The Company mitigates this risk by placing its cash in large reputable financial institutions. The Company considers the credit risk related to cash to be minimal.

The largest component of the Company's trade and other receivables is related to income taxes or value-added taxes receivable due from countries in which the Company operates (principally Colombia). The Company considers the credit risk for these receivables to be low. The Company's trade receivables are related to doré delivered to MVPR. The Company uses a single gold buyer and receives payment for 75% of the delivery value on the business day following delivery, and the remaining 25% on the business day following the export of refined metal by the refinery. Given the single buyer and very short-term nature of the trade receivables the Company considers their credit risk to be low. There are also smaller amounts owing related to employee allowances receivable, and other receivables. The maximum exposure for these categories of receivables are their carrying amounts as disclosed in Note 6.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company principally relies on its mining operations to generate the funds needed to meet budgeted operating requirements, but also closely monitors their liquidity position and may choose to seek additional financing opportunities if warranted. At December 31, 2023, the Company had cash of $1,781,703 (2022 - $529,667) and working capital of $305,971 (2022 - $89,138).

The Company's financial obligations consist of trade payables and accrued liabilities, equipment financing, lease obligations and a subordinated note. The maturity analysis of the financial obligations as at December 31, 2023 is as follows:

	1 year	2-3 years	4-5 years	More than 5 years	Total
	$	**$**	**$**	**$**	**$**
Trade payables and accrued liabilities	16,156,963	-	-	-	16,156,963
Equipment financing - principal and interest	2,646,150	2,303,286	-	-	4,949,436
Lease obligations - principal and interest	305,316	347,636	-	-	652,952
Subordinated note - principal and interest	3,331,825	15,992,760	15,992,760	12,662,045	47,979,390
	22,440,254	18,643,682	15,992,760	12,662,045	69,738,741

d) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in United States Dollars (USD) and Colombian Pesos (COP), which exposes the Company to fluctuating balances and cash flows due to various foreign exchange rates.

As at December 31, 2023, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was $2,829,592 (2022 - $1,414,448) and $6,116,443 (2022 - $6,626,650), respectively. As at December 31, 2023, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was $10,613,710 (2022 - $5,839,169) and $14,094,884 (2022 - $9,347,786), respectively.

The effect on earnings before taxes at December 31, 2023 of a 10% appreciation or depreciation in foreign currencies against the Canadian dollar on the Companies net financial instruments is estimated to be $678,000 (2022 - $875,000). The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Fair values

The carrying value of cash and cash equivalents, trade and other receivables, trade payables and accrued liabilities, and the promissory note payable approximate their fair values due to the immediate or short-term nature of these instruments.

The fair value of the notes receivable, equipment financing, subordinated note and contingent consideration for disclosure purposes is determined using discounted cash flows based on the expected amounts and timing of the cash flows discounted using a market rate of interest adjusted for appropriate credit risk. The fair value of the notes receivable, equipment financing and subordinated note, for disclosure purposes, is determined using Level 2 inputs. The fair value of the contingent consideration is determined using Level 3 inputs.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy below:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value.

(Expressed in Canadian Dollars)

As at December 31, 2023	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial liabilities					
Equipment financing	-	4,464,563	-	-	-
Subordinated note	-	22,848,021	-	-	-
Contingent consideration	2,225,997	-	-	-	2,225,997
	2,225,997	27,312,584	-	-	2,225,997

As at December 31, 2022	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets					
Notes receivable	-	54,032	-	-	-
	-	54,032	-	-	-
Financial liabilities					
Promissory note	-	5,872,985	-	-	-
Subordinated note	-	22,400,264	-	-	-
Contingent consideration	2,913,648	-	-	-	2,913,648
	2,913,648	28,273,249	-	-	2,913,648

The fair value of level 3 contingent consideration is determined using a discounted cash flow model, taking into consideration assumptions including future gold prices, future foreign exchange rates and operating results from the Company's mines (Note 17). The equipment financing has a fair value of $4,828,650 (2022 - $5,835,000), and the subordinated note has a fair value of $28,889,000 (2022 - $25,327,000). The fair value of the notes receivable and promissory note approximate their fair values.

Capital Management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

Historically the Company depended largely on external financing to fund its activities but commenced commercial mining activities in 2020. The capital structure of the Company currently consists of equity attributable to shareholders of $14,153,610 (2022 - $2,765,561) and a subordinated note of $22,848,021 (2022 - $22,400,264). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, primarily mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews its capital management approach on a regular basis and there have been no changes to the Company's approach during the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

22. SEGMENT REPORTING

The Company's business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The business segments are summarized as follows:

(Expressed in Canadian Dollars)

For the year ended December 31, 2023	Colombia	Brazil	Corporate and other	Total
Total assets	71,398,435	2,213,561	487,487	**74,099,483**
Total liabilities	27,815,097	23,594	32,107,182	**59,945,873**
Revenue	81,161,712	-	-	**81,161,712**
Cost of sales	53,113,483	-	-	**53,113,483**
Income for the year	11,071,037	(149,211)	(8,124,952)	**2,796,874**

For the year ended December 31, 2022	Colombia	Brazil	Corporate and other	Total
Total assets	48,854,494	2,204,682	454,210	**51,513,386**
Total liabilities	19,793,060	33,283	28,921,482	**48,747,825**
Revenue	52,958,464	-	-	**52,958,464**
Cost of sales	33,981,451	-	-	**33,981,451**
Income for the year	13,594,095	(129,966)	(13,206,589)	**257,540**

23. EARNINGS PER SHARE

The calculation of diluted earnings per share is based on income attributable to ordinary shareholders and the weighted-average number of shares outstanding after adjustments for the effect of potentially dilutive shares. For the year ended December 31, 2023, potential share issuances arising from the exercise of share options and settlement of RSU's were included in the calculation of diluted weighted average shares outstanding as well as their impact on income attributable to shareholders of the Company. Potentially dilutive shares associated with share options out of the money were not included in the diluted earnings per share calculation as their effect is antidilutive.

The following table summarizes the calculation of basic and diluted earnings per share:

	December 31, 2023 $	Year ended December 31, 2022 $
Income for the year:	2,796,874	257,540
Basic weighted average number of common shares outstanding	91,256,523	85,059,990
Effective impact of dilutive securities:		
Share options	2,579,593	658,548
RSU's	66,665	133,332
Warrants	-	1,365,043
Diluted weighted average number of common shares outstanding	93,902,781	87,216,913
Earnings per common share		
Basic	0.03	0.00
Diluted	0.03	0.00

300,000 (2022 - 3,177,000) options and Nil (2022 - 5,750,000) warrants were excluded from the calculation for the year ended December 31, 2023 as their effect was antidilutive.

(Expressed in Canadian Dollars)

24. INCOME TAXES

The income taxes recognized in the statements of income (loss) are as follows:

	For the year ended	
	December 31, 2023	December 31, 2022
	$	$
Current tax expense	7,683,000	2,935,000
Deferred tax expense	3,495,000	565,000
Total income tax expense	**11,178,000**	**3,500,000**

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	For the year ended	
	December 31, 2023	December 31, 2022
	$	$
Income for the year before income taxes	13,974,874	3,757,540
Statutory tax rate	27%	27%
Income tax expense computed at statutory rates	3,773,000	1,014,000
Permanent items and other	1,805,000	(196,000)
Impact of disposal of subsidiaries and assets held for sale	-	-
Differing effective tax rate in foreign jurisdiction	1,554,000	1,462,000
Impact of change in statutory tax rates	-	-
Change in unrecognized deferred tax assets	2,925,000	635,000
Adjustment to prior year tax estimates	986,000	235,000
Impact of foreign exchange and other	135,000	350,000
Total income tax expense	**11,178,000**	**3,500,000**

The approximate tax effect of each item that gives rise to the Company's recognized deferred tax assets and liabilities as at December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
	$	$
Deferred income tax assets		
Non-capital losses	1,850,000	2,306,000
Other	886,000	626,000
	2,736,000	2,932,000
Deferred income tax liabilities		
Exploration and evaluation assets	(2,430,000)	(754,000)
Mineral properties, plant and equipment	(6,583,000)	(4,856,000)
Notes payable	(755,000)	(859,000)
	(9,768,000)	(6,469,000)
Net deferred income tax liability	**(7,032,000)**	**(3,537,000)**

(Expressed in Canadian Dollars)

The Company's movement of net deferred tax liabilities is described below:

	For the year ended	
	December 31, 2023	**December 31, 2022**
	$	**$**
Opening balance	(3,537,000)	(2,972,000)
Deferred income tax expense through income statement	(3,495,000)	(565,000)
Closing balance	**(7,032,000)**	**(3,537,000)**

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

		December 31, 2023	**December 31, 2022**
	expiry dates	**$**	**$**
Non-capital losses	*2027-2043*	49,316,000	40,297,000
Capital losses	*no expiry*	9,987,000	9,987,000
Financing fees	*2044-2045*	188,000	188,000
Other	*no expiry*	1,576,000	389,000
		61,067,000	**50,861,000**

The significant components of the non-capital and capital losses include:

(i) At December 31, 2023, the Company has non-capital loss carry forwards in Canada aggregating $46,271,000 (2022 - $40,874,000) which expire over the period between 2027 and 2043, available to offset future taxable income in Canada.

(ii) The Company has capital loss carry forward in Canada of $9,987,000 (2022 - $9,987,000) which are available only to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.

(iii) At December 31, 2023, the Company has non-capital loss carry forwards in Colombia totaling $6,953,000 (2022 - $5,115,000) which do not expire, and are available to offset future taxable income in Colombia.

(iv) At December 31, 2023, the Company has non-capital loss carry forwards in United States of America aggregating $1,593,000 (2022 - $1,365,000) which do not expire, and are available to offset future taxable income in United States of America.

(v) At December 31, 2023, the Company has non-capital loss carry forwards in Brazil aggregating $433,000 (2022 - $262,000) which do not expire, and are available to offset future taxable income in United States of America.

Tax attributes are subject to review, and potential adjustment, by competent authority.

25. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2023, the Company borrowed USD$1,000,000 from Conex Services Inc., a company owned by a director. The promissory note has a two-month term and carries an interest rate of 13.45% per annum, compounded monthly.