Soma Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Doane Grant Thornton LLP
Suite 2000
733 Seymour Street
Vancouver, BC
V6B 0S6

T +1 604 687 2711
F +1 604 685 6569

Independent auditor's report

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, 2024, and December 31, 2023 and the consolidated statements of profit and comprehensive income, 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, 2024 and December 31, 2023, 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

We have determined that there are no key audit matters to communicate in our auditor's report.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes 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.

Doane Grant Thornton LLP

Vancouver, Canada
April 30, 2025

Chartered Professional Accountants

Soma Gold Corp.

Consolidated Statement of Financial Position

As at December 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents		7,840,109	1,781,703
Trade and other receivables	6	15,959,357	11,730,126
Inventory	7	7,393,576	8,187,858
Prepaids and deposits	8	1,122,154	953,873
Total current assets		**32,315,196**	**22,653,560**
Non-current assets			
Exploration and evaluation assets	9	9,736,562	9,122,793
Mineral properties, plant and equipment	10	37,194,792	42,323,130
TOTAL ASSETS		**79,246,550**	**74,099,483**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11, 15	14,793,295	16,156,963
Equipment financing – current portion	12	2,513,837	2,324,997
Lease obligation – current portion	13	371,897	305,316
Deferred revenue – current portion	14	1,370,108	228,488
Subordinated loan – current portion	15	-	3,331,825
Total current liabilities		**19,049,137**	**22,347,589**
Non-current liabilities			
Deferred income tax liability	24	5,318,000	7,032,000
Equipment financing	12	673,362	2,139,566
Lease obligations	13	899,969	347,636
Deferred revenue	14	2,807,666	1,128,371
Subordinated loan	15	30,454,720	22,848,021
Decommissioning and restoration provision	16	1,906,054	1,876,693
Contingent consideration	17	2,175,693	2,225,997
TOTAL LIABILITIES		**63,284,601**	**59,945,873**
SHAREHOLDERS EQUITY			
Share capital	20	54,722,533	54,484,699
Share reserves	20	6,609,025	6,561,626
Contributed surplus	20	7,710,130	7,171,442
Deficit		(51,774,742)	(56,001,934)
Accumulated other comprehensive income (loss)		(1,304,997)	1,937,777
TOTAL SHAREHOLDERS' EQUITY		**15,961,949**	**14,153,610**
TOTAL LIABILITIES AND EQUITY		**79,246,550**	**74,099,483**

Approved for issuance by the Board of Directors on April 25, 2025:

(signed) "Geoffrey Hampson" Geoffrey Hampson (Director)

(signed) "Terry Krepiakevich" Terry Krepiakevich (Director)

Soma Gold Corp.

Consolidated Statement of Profit and Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

	Notes	2024	2023
Revenue		89,367,574	81,161,712
Cost of Sales	18	(64,170,548)	(53,113,483)
Income from Mine Operations		**25,197,026**	**28,048,229**
Staffing and management costs		3,824,768	3,808,024
Other general and administration		2,323,547	1,810,979
Professional and consulting fees		1,162,818	1,009,590
Share-based compensation	20	140,233	358,054
Investor relations		425,992	117,500
Depreciation		102,129	97,083
Operating Income		**17,217,539**	**20,846,999**
Finance costs		(6,962,003)	(6,481,578)
Other gains (losses)	19	(662,583)	(33,114)
Foreign exchange gains (losses)		464,239	(357,433)
Income Before Tax		**10,057,192**	**13,974,874**
Current income tax expense	24	(7,544,000)	(7,683,000)
Deferred income tax recovery (expense)	24	1,714,000	(3,495,000)
Net Income		**4,227,192**	**2,796,874**
Other Comprehensive Income			
An item that may be reclassified to profit or loss:			
Foreign currency translation adjustment		(3,242,774)	8,184,121
Total Comprehensive Income for The Year		**984,418**	**10,980,995**
Net income (loss) per common share:			
Basic	20	0.05	0.03
Diluted	20	0.04	0.03
Weighted average number of common shares outstanding:			
Basis	20	91,778,040	91,256,523
Diluted	20	94,288,264	93,902,781

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

Soma Gold Corp.

Consolidated Statement of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

	Notes	Number of common shares	Share capital	Share reserves	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
		#	$	$	$	$	$	$
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
Net Income		-	-	-	-	2,796,874	-	2,796,874
Other comprehensive income		-	-	-	-	-	8,184,121	8,184,121
December 31, 2023		**91,348,487**	**54,484,699**	**6,561,626**	**7,171,442**	**(56,001,934)**	**1,937,777**	**14,153,610**
Exercise of stock options	20	700,000	213,500	(68,500)	-	-	-	145,000
Issuance of RSU shares	20	66,665	24,334	(24,334)	-	-	-	-
Share-based compensation	20	-	-	140,233	-	-	-	140,233
Gain on debt restructuring	15	-	-	-	538,688	-	-	538,688
Net Income		-	-	-	-	4,227,192	-	4,227,192
Other comprehensive loss		-	-	-	-		(3,242,774)	(3,242,774)
December 31, 2024		**92,115,152**	**54,722,533**	**6,609,025**	**7,710,130**	**(51,774,742)**	**(1,304,997)**	**15,961,949**

Soma Gold Corp.

Consolidated Statement of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

		2024	2023
OPERATING ACTIVITIES			
Net income		4,227,192	2,796,874
Adjustments to reconcile before tax to net cash flows:			
Non-cash items:			
Finance costs		6,962,003	6,481,578
Depreciation	10	16,147,177	10,653,021
Other losses (gains)	19	662,583	33,114
Share-based compensation	20	140,233	358,054
Deferred income tax recovery	24	(1,714,000)	3,495,000
Foreign exchange losses (gains)		(464,239)	357,433
Working capital changes:			
Trade and other receivables		(4,229,231)	(5,042,908)
Inventory		794,282	(2,059,682)
Prepaids deposits and advance payments		(168,281)	(186,593)
Trade payables and accrued liabilities		(1,363,668)	2,283,755
Net cash flows from operating activities		**20,994,051**	**19,169,646**
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation of assets	9	(1,230,440)	(2,618,074)
Options payments received	9	-	134,970
Expenditures on construction in progress	10	(1,031,625)	(2,495,379)
Expenditures on mineral properties, plant and equipment	10	(9,273,307)	(9,568,792)
Disposition of property, plant and equipment		-	230,499
Net cash flows from used in investing activities		**(11,535,372)**	**(14,316,776)**
FINANCING ACTIVITIES			
Repayment of equipment financing	12	(2,845,648)	(2,499,928)
Lease payments	13	(385,810)	(361,692)
Gold deliveries under the offtake agreement	14	(1,677,346)	(877,450)
Proceeds under the offtake arrangements	14	4,105,182	-
Proceeds from exercise of stock options and share purchase warrants	20	145,000	49,000
Proceeds from the promissory note	15	1,348,263	-
Repayment of the promissory note	15	(1,403,839)	
Repayment of notes payable		-	(600,000)
Repayment of notes receivable		-	54,032
Net cash flows from used in financing activities		**(714,198)**	**(4,236,038)**
Net change in foreign currency exchange rates		(2,686,075)	635,204
Net change in cash and cash equivalents		6,058,406	1,252,036
Cash and cash equivalents, beginning of the year		1,781,703	529,667
Cash and cash equivalents, end of the year		**7,840,109**	**1,781,703**

1. Nature of Operations

Soma Gold Corp. ("Soma" or the "Company") was incorporated on April 13, 2010, under the laws of British Columbia, Canada. The Company's registered office is 1200-750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8, and its head office is located at 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company's principal business activities are the acquisition, exploration and development of mineral properties and the operation of the El Bagre Gold Mining Complex through its wholly owned subsidiaries in Colombia. The El Bagre operations consist of a gold processing plant and the Cordero underground gold mine. Commercial production was declared for the Cordero mine on January 1, 2023.

The Company is a Canadian public corporation whose common shares are listed on the TSX Venture Exchange in Canada under the symbol "SOMA" and on the OTCQB Venture Market in the United States under the ticker symbol "SMAGF."

2. Basis of Presentation

Basis of preparation

The Company's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The consolidated financial statements were approved for issuance by the Company's Board of Directors on April 25, 2025.

(Expressed in Canadian Dollars, unless otherwise indicated)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries as of December 31, 2024 and 2023. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that one or more of the three elements of control have changed. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The consolidated financial statements of the Company include:

Subsidiary's name	**The principal place of business**	**Ownership interest**		**Principal activities**
		2024	**2023**	
Angra Metals Mineracao Ltda (“**Angra**”)	Brazil	100%	100%	Mineral exploration
Colombia Milling Ltd. (“**CML**”)	Belize	100%	100%	Holding company
Operadora Minera S.A.S. (“**Operadora**”)	Colombia	100%	100%	Gold production, mineral exploration and development
Soma Gold US Inc	United States	100%	100%	Administration

The financial statements of CML contain the results of Colombian subsidiaries Zara Holdings SAS and Four Points Mining SAS (“**FPM**”).

3. Material Accounting Policies

Foreign currencies

Items included in the financial statements of each of the subsidiaries of the Company are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Company's Functional Currency is the Canadian dollar ("CAD"). The Functional Currency of Angra is the Brazilian Real. The Functional Currency of CML and Soma Gold US Inc. is the US dollar ("USD"). The Functional Currency of Operadora is the Colombian Peso.

Transactions denominated in foreign currencies are translated into the Functional Currency of an entity as follows:

- Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated at the Functional Currency rates of exchange at the reporting date;
- Revenue and expenses are translated at the average exchange rate for the period or the exchange rate at the date of the transaction, if appropriate; and
- Exchange gains and losses on translation are included in earnings.

The presentation currency of the Company is the CAD. For any entities with functional currencies other than the CAD, foreign currency balances and transactions are translated into the presentation currency as follows:

- Assets and liabilities are translated at the rates of exchange at the reporting date;
- Revenue and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates; and
- Exchange gains and losses 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.

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, borrowings and payables

Trade payables and accrued liabilities, equipment financing and the subordinated loan 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 the 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 is 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 has entered into an offtake agreement, amended offtake agreement, and a purchase and refining agreement with a group of related companies, as further disclosed in Note 14. Significant judgment was required in assessing whether these agreements were linked, and whether the substance of these related agreements met "own use" criteria. In determining whether the agreements were linked, the Company considered whether they were entered into at the same time and in contemplation of each other, whether they had the same counterparty, and whether they relate to a similar risk. “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.

The Company assessed the appropriate accounting treatment and the carrying value of deferred revenue, treated as a commodity transaction, based on the terms of the agreements. The Company applied significant judgement on the discount rate, expected future production results and assumptions made regarding exercises of certain clauses of the agreement.

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 and Machinery	2-10 years
Right-of-use Assets	Term of lease
Building 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.

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, forfeiture rate 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 reserves 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.

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, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income 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.

Provisions and Contingent Liabilities

A provision is a liability of uncertain timing or amount. A liability is recognized as a provision when it is probable that an outflow of economic benefits will be required to settle the present obligation arising from a past event, and a reliable estimate of the obligation's amount can be made. A past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not (i.e. 51% or more) that a present obligation exists at the end of the reporting period.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Also, a contingent liability is a present obligation that arises from past events whose settlement involving an outflow of resources embodying economic benefits required to settle the obligation is not probable, or the amount of such obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed as contingent liabilities when their occurrence is probable.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. 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% net smelter returns royalty ("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).

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 judgment 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

The following new accounting standards, amendments to accounting standards, and their interpretations were issued by the IASB but were not mandatory or effective as of the date of issuance of the Company's financial statements. The Company has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

Amendments to IAS 21 – Lack of Exchangeability	In August 2023, the IASB issued Amendments "Lack of Exchangeability" to IAS 21 (The Effects of Changes in Foreign Exchange Rates), which provide additional guidance on assessing whether a currency is exchangeable and estimating the spot exchange rate when a currency is not exchangeable. The amendments also require disclosure on how the lack of foreign currency exchangeability affects or is expected to affect the entity's financial performance, financial position, and cash flows. The amendments apply to annual reporting periods beginning on or after January 1, 2025, with early application permitted. Comparative information cannot be restated when amendments are applied. The Company is currently assessing the impact of the amendments on its consolidated financial statements presentation and disclosure.
Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 - Financial Instruments, and IFRS 7 - Financial Instruments: Disclosures	In May 2024, the IASB issued narrow-scope amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures) to respond to feedback from the 2022 Post-implementation Review of the Accounting Standard, clarify the set of requirements and respond to the questions arising in practice. These new requirements: • provide clarification on the date of recognition and derecognition of some financial assets and liabilities, including those with contingent features;

	• provide clarification with additional guidance added for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs; and • update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments apply to annual reporting periods beginning on or after January 1, 2026, with early application permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements presentation and disclosure.
IFRS 18 – Presentation and Disclosure in Financial Statements	In April 2024, the IASB issued IFRS 18 (Presentation and Disclosure in Financial Statements), which will replace IAS 1 (Presentation of Financial Statements) and introduce three sets of requirements aiming to achieve comparability of the financial performance of similar entities, adding transparency and providing more relevant information to financial statements users. These new requirements: • Improve comparability between entities by introducing a defined structure for the statement of profit or loss composed of five categories (operating, investing, financing, income taxes and discontinued operations) and required subtotals. • Provide enhanced guidance on grouping financial statement information based on their common characteristics across the financial statements and define which items are presented in the primary financial statements and what information is to be disclosed in the notes. • Define presentation and disclosure requirements for totals, subtotals, and line items, specifying description requirements that faithfully represent the characteristics of the item, including, but not limited to, terms used and amounts aggregation methods. • Implement new disclosure requirements for management-defined performance measures (MPM)

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or non-GAAP measures to enhance the interpretation of financial information, communicate management's view of financial performance, and provide insight into performance metrics.

- Define classification requirements of foreign exchange differences, derivatives and designated hedging instruments unless it involves undue costs of efforts.

IFRS 18 applies retrospectively to annual reporting periods beginning on or after January 1, 2027, with early application permitted and with a requirement to restate comparative information.

The Company is currently assessing the impact of the new standard on its consolidated financial statements presentation and disclosure.

6. Trade and Other Receivables

As of December 31, 2024, and 2023, the Company's receivables consist of the following:

	2024	**2023**
Income taxes receivable	374,679	335,002
Trade receivables	4,186,195	1,313,589
Employee allowances	518,133	527,443
Value-added tax receivable	10,803,723	9,473,488
Other	76,627	80,604
	15,959,357	**11,730,126**

(Expressed in Canadian Dollars, unless otherwise indicated)

7. Inventory

As of December 31, 2024, and 2023, the Company's inventory consists of the following:

	2024	**2023**
Materials and supplies	5,925,702	6,488,736
Gold in-circuit	1,467,874	1,699,122
	7,393,576	**8,187,858**

The amount of inventory recognized as an expense for the year ended December 31, 2024, was $14,844,000 (2023 - $14,402,000), and it is included as a production cost in the cost of sales (Note 18).

8. Prepaids and Deposits

As of December 31, 2024, and 2023, the Company's prepaids and deposits consist of the following:

	2024	**2023**
Advances to suppliers	132,093	318,896
Prepaid insurance	509,224	463,369
Prepaid software	231,894	160,955
Other advances	248,943	10,653
	1,122,154	**953,873**

9. Exploration and Evaluation Assets

	Nechi	**Zara**	**Otu Centro**	**Tucumã**	**El Limon**	**Total**
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
Options 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**
Additions	55,039	-	985,905	-	189,496	1,230,440
Foreign exchange	(3,380)	(122,687)	(162,608)	(322,434)	(5,562)	(616,671)
December 31, 2024	**695,735**	**2,566,679**	**4,238,327**	**2,051,887**	**183,934**	**9,736,562**

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 (completed).
(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).
(v) Assumption of an existing 5% NSR on the claim covering the historic Aurora mine.

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"). The agreement was amended on September 11, 2024, to extend certain terms of the original agreement to allow Ero additional time to access one of the properties included in the option agreement. Ero can acquire a 100% interest in the Project by completing the following:

(i) 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 March 6, 2025;

(ii) 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 March 6, 2026 (completed);

(iii) 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 March 6, 2026.

Ero has completed the first two cash payments, totalling 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% 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.

El Limon Project

The El Limon Project ("El Limon") is located in Antioquia, Colombia and is adjacent to the Company's operating El Bagre Project. El Limon includes a past-producing underground mine and a gold processing plant with a capacity of approximately 225 tpd. In 2024, the Company resumed exploration activities at the Limon mine. El Limon is subject to a 3% NSR royalty, to a maximum of US $2 million. Upon reaching the US $2 million NSR royalty threshold, the NSR royalty decreases to 0.5% up to a maximum of US $1 million.

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Mineral properties, plant and equipment

Cost

	Mineral Properties	Building and Infrastructure	Equipment and Machinery	Office Equipment	Vehicles	Rights-of-use Assets	Construction in Progress	Total
December 31, 2022	**10,592,953**	**1,152,205**	**13,540,701**	**185,026**	**2,470,236**	**629,462**	**14,411,519**	**42,982,102**
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**
Additions	7,612,763	369,127	2,199,422	53,426	-	1,172,732	1,031,625	12,439,095
Disposals	-	(610,435)	(69,098)	-	-	(248,388)	-	(927,921)
Transfers	-	3,436,985	522	-	-	-	(3,437,507)	-
Foreign exchange	(1,717,148)	(126,171)	62,993	3,220	(118,908)	(73,592)	(42,146)	(2,011,752)
December 31, 2024	**44,423,056**	**6,338,100**	**17,418,503**	**167,088**	**2,870,617**	**1,867,696**	**25,199**	**73,110,259**

(Expressed in Canadian Dollars, unless otherwise indicated)

Accumulated Depreciation

	Mineral Properties	Building and Infrastructure	Equipment and Machinery	Office Equipment	Vehicles	Rights-of-use Assets	Construction in Progress	Total
December 31, 2022	**2,897,972**	**307,911**	**3,276,638**	**68,125**	**297,086**	**136,445**	**1,789,381**	**8,773,558**
Additions	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	1,956,857
December 31, 2023	**14,787,933**	**863,670**	**4,587,441**	**78,539**	**569,519**	**400,605**	**-**	**21,287,707**
Additions	11,080,681	2,199,296	1,949,905	60,534	504,623	352,138	-	16,147,177
Disposals	-	(464,079)	(56,830)	-	-	(69,389)	-	(590,298)
Foreign exchange	(797,259)	(65,498)	(11,995)	2,372	(30,165)	(26,574)	-	(929,119)
December 31, 2024	**25,071,355**	**2,533,389**	**6,468,521**	**141,445**	**1,043,977**	**656,780**	**-**	**35,915,467**

Net book value

	Mineral Properties	Building and Infrastructure	Equipment and Machinery	Office Equipment	Vehicles	Rights-of-use Assets	Construction in Progress	Total
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
December 31, 2024	**19,351,701**	**3,804,711**	**10,949,982**	**25,643**	**1,826,640**	**1,210,916**	**25,199**	**37,194,792**

(Expressed in Canadian Dollars, unless otherwise indicated)

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%.

With the declaration of commercial production, construction in progress relating to the Cordero Mine was transferred to mineral properties during the year ended December 31, 2023.

El Limon

The Company owns 100% of the El Limon mine (past producing – see note 9) and Mill in Antioquia, Colombia. The project is subject to a 3% NSR royalty 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

As of December 31, 2024, and 2023, the Company's trade payables and accrued liabilities consist of the following:

	Notes	2024	2023
Trade accounts payables		7,133,008	7,358,866
Income taxes payable		3,183,871	3,225,474
Employee benefits liabilities		2,179,632	1,868,666
Otu property payment	9	-	1,481,312
Accrued liabilities		769,271	316,906
Salaries and wages payable		460,060	856,809
Withholdings payable		1,067,453	1,048,930
		14,793,295	**16,156,963**

(Expressed in Canadian Dollars, unless otherwise indicated)

12. Equipment Financing

As of December 31, 2024, and 2023, the Company's equipment financing consists of the following:

	2024	2023
Opening balance	**4,464,563**	**5,872,985**
Increase in equipment financing	863,048	713,691
Interest	360,534	462,389
Repayments	(2,845,648)	(2,499,928)
Foreign exchange	344,702	(84,574)
Closing balance	**3,187,199**	**4,464,563**
Less: current portion	(2,513,837)	(2,324,997)
Non-current portion	**673,362**	**2,139,566**

The Company has entered into multiple financing arrangements 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 financing arrangements with Komatsu Colombia S.A.S for the purchase of two pieces of equipment, one of which was repaid during the year. Both loans bore interest rates of 18%, required monthly payments of principal and interest, and were amortized over 12 months.

The financing is secured by the underlying equipment purchased, which has a net book value of $6,389,642 at December 31, 2024 ($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, unless otherwise indicated)

13. Lease Obligations

As of December 31, 2024, and 2023, the Company's lease obligations consist of the following:

	2024	2023
Opening balance	**652,952**	**518,227**
Disposals	(241,098)	(128,317)
Additions	1,138,310	444,212
Adjustments	36,280	-
Interest	67,502	75,436
Lease payments	(385,810)	(361,692)
Foreign exchange	3,730	105,086
Closing balance	**1,271,866**	**652,952**
Less: current portion	(371,897)	(305,316)
Non-current portion	**899,969**	**347,636**

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

14. Deferred Revenue

	2024	2023
Opening balance	**1,356,859**	**1,547,306**
Additions	4,105,182	-
Interest	893,397	888,979
Gold deliveries	(1,677,346)	(877,450)
Revaluation	(254,393)	(151,490)
Foreign exchange	(245,925)	(50,486)
Closing balance	**4,177,774**	**1,356,859**
Less: current portion	(1,370,108)	(228,488)
Non-current portion	**2,807,666**	**1,128,371**

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.

(Expressed in Canadian Dollars, unless otherwise indicated)

The Company completed Tranches 1 and 2 of the Offtake Agreement in January 2023 while Tranche 3 - a 1% NSR - remains in effect.

In May 2024, the Company amended the Offtake Agreement with Goldlogic Corp. ("Goldlogic" - formerly NG) and MVPR. Pursuant to the revised terms of the Offtake Agreement, the Company has received an advance payment of USD 3 million from Goldlogic and is obligated to deliver a monthly cash payment of 59.9 ounces of gold to Goldlogic for a duration of 36 months, commencing in June 2024 (Tranche 4).

The Offtake agreement and purchase and refining agreement were determined to be linked and as such, have been assessed together when determining the accounting for the Offtake agreement. Although the Company is required to make cash payments, the substance of the agreements are such that the Company settles with its own production, and therefore, the "own use" exemption has been met.

The outstanding payments under the original Offtake Agreement are subject to variability, as they are contingent upon cumulative adjustments that occur when the quantity of ounces to be delivered under the contracts changes, the Company's estimates of mineral reserves and resources increase, or the mine plans are amended.

For the year ended December 31, 2024, the Company delivered 27,383 (2023 - 31,425) ounces of gold under the Offtake Agreement. The delivery of the gold for the year ended December 31, 2024, resulted in a decrease in deferred revenue of $1,677,346 (2023 - $877,450).

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

15. Related Parties Transactions

For the years ended December 31, 2024, and 2023, the Company paid or accrued remunerations to its directors and officers as follows:

	2024	**2023**
Staffing and management costs	1,232,472	1,001,312
Share-based compensation	54,275	201,814
	1,286,747	**1,203,126**

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.

For the year ended December 31, 2024, the Company also paid $56,800 (2023 - $102,720) in office rent and $306,851 (2023 - $328,859) in consulting fees to a Company controlled by a director.

Subordinated Loan

On July 31, 2020, the Company entered into a Subordinated Loan Agreement with Conex Services Inc. ("Conex"), a company owned by a director, for the purposes of consolidating and restructuring then existing indebtedness (the "Subordinated Loan"). Key terms of the Subordinated Loan were as follows:

- Principal amount $21,604,781;
- Interest rate: 12% per annum compounded quarterly;
- Repayment terms: Interest accrues on the principal beginning July 31, 2020, with combined cash repayments of interest and principal commencing on August 31, 2024; and
- Maturity date: July 31, 2030 (the "Maturity Date").

At inception, management applied the effective interest method, using an initial effective interest rate of 18%, which resulted in a present value measurement of $14,539,366.

On September 1, 2024 (the "Amendment date"), the Company entered into an Amended Subordinated Loan Agreement (the "Amended Loan") under which the entire principal amount of the Subordinated Loan, together with any unpaid interest, is due for repayment in full only on the Maturity Date.

On the Amendment Date, management applied the effective interest rate method using an effective interest rate of 15% to reflect current market conditions which resulted in a revised present value measurement of $28,995,936. The Amended Loan was determined to be an extinguishment, as opposed to a modification, of the existing debt. As a result, a new liability was recorded with the residual value (the difference in book value between the original Subordinated Loan and the Amended Loan) recorded as a gain on debt restructuring of $538,688. The gain on debt restructuring arising from the loan amendment was treated as shareholder transaction and was recorded directly to contributed surplus.

(Expressed in Canadian Dollars, unless otherwise indicated)

For the year ended December 31, 2024, $773,266 (2023 - $769,767) of accretion and $4,040,294 (2023 - $3,609,815) of interest was expensed as finance costs in the statements of profit related to the Subordinated Loan and the Amended Loan. The outstanding face value of the Amended Loan, including accrued interest, as of December 31, 2024, was $35,811,645 (2023 - $31,771,349).

	2024	**2023**
Opening balance	**26,179,848**	**22,400,264**
Interest and accretion	4,813,560	4,379,582
Repayments	-	(600,000)
Gain on debt restructuring	(538,688)	-
Closing balance	**30,454,720**	**26,179,846**
Less: current portion	-	(3,331,825)
Non-current portion	**30,454,720**	**22,848,021**

Included in the Subordinated Loan 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 of December 31, 2024, and 2023, it was determined that the prepayment option had a non-material balance, and as such, it has not been adjusted for.

Promissory Note

During the year ended December 31, 2024, the Company borrowed $1,348,263 (2023 - $Nil) from Conex. The promissory note had a two-month term and carried an interest rate of 13.45% per annum, compounded monthly. The Company repaid the note, including $42,011 (2023 - $Nil) in accrued interest, in full during the year ended December 31, 2024.

Other Balances and Transactions

As of December 31, 2024, there is $39,787 in trade payables and accrued liabilities owed to executives and directors of the Company (2023 - $34,326).

As of December 31, 2024, there is $264,499 in trade payables and accrued liabilities owing to private companies owned by directors of the Company (2023 - $42,750).

(Expressed in Canadian Dollars, unless otherwise indicated)

16. Decommissioning and Restoration Provision

As of December 31, 2024, and 2023, the Company's Decommissioning and Restoration Provision consists of the following:

	2024	2023
Opening balance	**1,876,693**	**1,441,080**
Additions for new projects	-	173,782
Changes in estimated costs	123,362	170,155
Changes in economic assumptions	(156,022)	(136,991)
Accretion on provision	176,996	165,529
Settlement during the period	-	(266,603)
Foreign exchange	(114,975)	329,741
Closing balance	**1,906,054**	**1,876,693**

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 6.72% to 2.96% (2023 – 5.24% to 2.96%) and a discount rate of 9.65% (2023 – 9.40%) in calculating the provision. At December 31, 2024, the liability for retirement and remediation on an undiscounted basis before fair value adjustment is $2,342,181 (2023 - $2,328,669).

Approximately 14% of the provision is anticipated to be utilized over 2025-2028 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 three years following the closure of the Cordero mine. The Cordero mine plan currently extends until 2027.

(Expressed in Canadian Dollars, unless otherwise indicated)

17. Contingent Consideration

As of December 31, 2024, and 2023, the Company's Contingent Consideration consists of the following:

	2024	2023
Opening balance	**2,225,997**	**2,913,648**
Payments	(877,693)	(728,563)
Foreign exchange	66,366	(75,604)
Loss on fair value adjustment	761,023	116,516
Closing balance	**2,175,693**	**2,225,997**

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$2,561 (2023 - US$ 2,006), and average USD-CAD exchange rate of 1.40 (2023 - 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 $217,600 (2023 - $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

	2024	2023
Production costs	48,125,500	42,557,545
Depreciation	16,045,048	10,555,938
	64,170,548	**53,113,483**

(Expressed in Canadian Dollars, unless otherwise indicated)

19. Other gains (losses)

	Notes	2024	2023
Other income (expenses)		(155,953)	(68,088)
Gains (losses) on revaluation of deferred revenue and contingent consideration	14, 17	(506,630)	34,974
		(662,583)	**(33,114)**

20. Share capital

Authorized

Unlimited common shares without par value.

Transactions

The following transactions impacted the number of common shares outstanding for the year ended December 31, 2024:

(i) The Company issued 700,000 common shares of the Company for proceeds of $145,000 related to the exercise of stock options.

(ii) The Company issued 66,665 common shares valued at $24,334 in relation to previously granted restricted share units.

The following transactions 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.

Stock options

The Company has an incentive stock option plan (the “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.

(Expressed in Canadian Dollars, unless otherwise indicated)

The Company's stock options outstanding as of December 31, 2024, and 2023 and the changes for the years that ended are as follows:

	Number of options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
	#	$	Years
December 31, 2022	**5,892,000**	**0.47**	**3.70**
Granted	1,100,000	0.51	4.27
Exercised	(200,000)	0.25	-
Cancelled	(175,000)	0.19	-
Expired	(425,000)	2.86	-
December 31, 2023	**6,192,000**	**0.33**	**2.80**
Granted	500,000	0.54	3.89
Exercised	(700,000)	0.21	
Cancelled	(500,000)	0.32	
December 31, 2024	**5,492,000**	**0.36**	**2.15**

During the year ended December 31, 2024, the Company granted 500,000 options (2023 - 1,100,000) with various vesting terms, and 700,000 (2023 - 200,000) options were exercised.

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 years ended December 31, 2024, and 2023, are as follows:

	Dec.19, 2024	Nov.13, 2024	Apr. 29, 2024	May 03, 2023	Mar. 27, 2023
Risk-free rate	3.12%	3.14%	3.81%	2.87%	2.96%
Expected life	3	5	5	5	5
Expected volatility	92%	92%	97%	99%	99%
Forfeiture rate	Nil	Nil	Nil	Nil	Nil
Expected dividends	Nil	Nil	Nil	Nil	Nil

The total share-based compensation expense related to the vesting of stock options for the year ended December 31, 2024, was $125,392 (2023 - $338,250).

(Expressed in Canadian Dollars, unless otherwise indicated)

Stock options outstanding on December 31, 2024, were as follows:

Expiry Date	Exercise Price $/share	Options Outstanding #	Options Exercisable #
July 3, 2025	0.19	750,000	750,000
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	340,000	340,000
January 10, 2027	0.35	1,562,000	1,562,000
December 16, 2027	0.30	540,000	540,000
December 19, 2027	0.51	200,000	200,000
March 27, 2028	0.46	800,000	550,000
May 3, 2028	0.66	300,000	300,000
April 29, 2029	0.56	200,000	200,000
November 13, 2029	0.55	100,000	100,000
	0.36	**5,492,000**	**5,242,000**

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

Expiry Date	Exercise Price $/share	Options Outstanding #	Options Exercisable #
May 18, 2025	0.31	100,000	100,000
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
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**

Restricted Share Units

Under the Option Plan, the Company may grant restricted share units (“RSUs”) to its eligible employees, officers, directors and consultants. The Option Plan stipulates that a maximum of 400,000 RSUs 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 as a share-based compensation expense.

(Expressed in Canadian Dollars, unless otherwise indicated)

	Number of RSUs	Weighted Average Grant Date Fair Value
	#	$/share
December 31, 2022	**133,332**	**0.33**
Settled	(66,667)	0.67
December 31, 2023	**66,665**	**0.51**
Granted	75,000	0.56
Settled	(66,665)	0.55
December 31, 2024	**75,000**	**0.54**

Total share-based compensation expense for the year ended December 31, 2024, related to the vesting of RSUs was $14,841 (2023 - $19,804).

The RSUs 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 RSUs that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSUs with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSUs.

Warrants

The Company's warrants outstanding as of December 31, 2024, and 2023 and the changes for the years then ended are as follows:

	Number of Warrants	Exercise Price
	#	$/share
December 31, 2022	**5,750,000**	**0.72**
Expired	(5,750,000)	0.72
December 31, 2023, and 2024	**-**	**-**

There were no warrants outstanding on December 31, 2024 and on December 31, 2023.

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.

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 and cash equivalents; 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.

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 cash equivalents and trade and other 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 this 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.

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. On

December 31, 2024, the Company had cash of $7,840,109 (2023 - $1,781,703) and working capital of $13,266,059 (2023 - $305,971).

The Company's financial obligations consist of trade payables and accrued liabilities, equipment financing, lease obligations, a subordinated loan, decommission and restoration provision and contingent consideration. The maturity analysis of the financial obligations as of December 31, 2024, is as follows:

	1 year	**2-3 years**	**4-5 years**	**More than 5 years**	**Total**
Trade payables and accrued liabilities	14,793,295	-	-	-	14,793,295
Equipment financing – principal and interest	2,694,178	730,811	-	-	3,424,989
Lease obligations – principal and interest	468,862	540,228	500,730	20,864	1,530,684
Subordinated loan – principal and interest	-	-	-	69,298,254	69,298,254
Decommissioning and restoration provision	130,119	254,897	1,469,885	51,153	1,906,054
Contingent consideration	853,763	735,821	586,109	-	2,175,693
	18,940,217	**2,261,757**	**2,556,724**	**69,370,271**	**93,128,969**

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 of December 31, 2024, the CAD equivalent carrying amounts of the Company's USD-denominated monetary assets and liabilities were $11,299,696 (2023 - $2,829,592) and $3,558,552 (2023 - $6,116,443), respectively. As of December 31, 2024, the CAD equivalent carrying amounts of the Company's COP-denominated monetary assets and liabilities were $12,306,310 (2023 - $10,613,710) and $15,261,494 (2023 - $14,094,884), respectively.

The effect on earnings before taxes on December 31, 2024, of a 10% appreciation or depreciation in foreign currencies against the Canadian dollar on the Company's net financial instruments is estimated to be $479,000 (2023 - $678,000). 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, and trade payables and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments.

The fair value of the equipment financing, subordinated loan 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 loan, 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).

(Expressed in Canadian Dollars, unless otherwise indicated)

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.

As of December 31, 2024:

	Carrying value		**Fair value hierarchy**		
	FVTPL	**Amortized costs**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities					
Equipment Financing		3,187,199	-	-	-
Subordinated loan		30,454,720		-	-
Contingent consideration	2,175,693	-	-	-	2,175,693
	2,175,693	**33,641,919**	**-**	**-**	**2,175,693**

As of December 31, 2023:

	Carrying value		**Fair value hierarchy**		
	FVTPL	**Amortized costs**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities					
Equipment Financing		4,464,563	-	-	-
Subordinated loan		22,848,021		-	-
Contingent consideration	2,225,997	-	-	-	2,225,997
	2,225,997	**27,312,584**	**-**	**-**	**2,225,997**

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).

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 $15,961,949 (2023 - $14,153,610) and a subordinated loan of $30,454,720 (2023 - $22,848,021). The Company manages the capital structure and makes adjustments to it in 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, 2024. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars, unless otherwise indicated)

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:

As of December 31, 2024:

	Colombia	**Brazil**	**Corporate and other**	**Total**
Total assets	76,601,203	1,891,560	753,787	**79,246,550**
Total liabilities	27,021,637	6,803	36,256,161	**63,284,601**
Revenue	89,367,574	-	-	**89,367,574**
Cost of sales	64,170,548	-	-	**64,170,548**
Income for the year	13,578,201	(156,934)	(9,194,075)	**4,227,192**

As of 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**

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, 2024, potential share issuances arising from the exercise of share options and settlement of RSUs 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 anti-dilutive.

(Expressed in Canadian Dollars, unless otherwise indicated)

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

		2024	2023
Income for the year	**$**	**4,227,192**	**2,796,874**
Basic weighted average number of common shares outstanding	#	91,778,040	91,256,523
Effective impact of dilutive securities			
Share options	#	2,476,617	2,579,593
RSUs	#	33,607	66,665
Warrants		-	-
Diluted weighted average number of common shares outstanding	#	94,288,264	93,902,781
Earnings per common share			
Basic	$/share	0.05	0.03
Diluted	$/share	0.04	0.03

600,000 (2023 - 300,000) options were excluded from the calculation for the year ended December 31, 2024, as their effect was anti-dilutive.

24. Income Taxes

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

	Note	2024	2023
Current tax expense		7,544,000	7,683,000
Deferred tax expense (recovery)		(1,714,000)	3,495,000
Total income tax expense		**5,830,000**	**11,178,000**

(Expressed in Canadian Dollars, unless otherwise indicated)

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:

	2024	**2023**
Income for the year before income taxes	10,057,192	13,974,874
Statutory tax rate	27%	27%
Income tax expense computed at statutory rates	2,715,000	3,773,000
Permanent items and other	(2,090,000)	1,805,000
Impact of disposal of subsidiaries and assets held for sale	-	-
Differing an effective tax rate in foreign jurisdiction	1,267,000	1,554,000
Impact of change in statutory tax rates	-	-
Change in unrecognized deferred tax assets	351,000	2,925,000
Adjustment to prior year tax estimated	1,198,000	986,000
Impact of foreign exchange and other	2,389,000	135,000
Total income tax expense	**5,830,000**	**11,178,000**

The approximate tax effect of each item that gives rise to the Company's recognized deferred tax assets and liabilities as of December 31, 2024 and 2023 are as follows:

	2024	**2023**
Deferred income tax assets		
Non-capital losses	2,237,000	1,850,000
Other	1,484,000	886,000
	3,721,000	**2,736,000**
Deferred income tax liabilities		
Exploration and evaluation of assets	(1,718,000)	(2,430,000)
Mineral properties and plant and equipment	(6,645,000)	(6,583,000)
Notes payable	(676,000)	(755,000)
	(9,039,000)	(9,768,000)
Net deferred income tax liability	**(5,318,000)**	**(7,032,000)**

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

	2024	**2023**
Opening balance	**(7,032,000)**	**(3,537,000)**
Deferred income tax expense through income statement	1,714,000	(3,495,000)
Closing balance	**(5,318,000)**	**(7,032,000)**

(Expressed in Canadian Dollars, unless otherwise indicated)

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

	Expiry dates	**2024**	**2023**
Non-capital losses	2027-2044	40,853,000	49,316,000
Capital losses	No expiry	9,987,000	9,987,000
Financial fees	2045-2046	-	188,000
Other	No expiry	1,576,000	1,576,000
		52,416,000	**61,067,000**

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

- On December 31, 2024, the Company had non-capital loss carryforwards in Canada aggregating $36,310,000 (2023 - $46,271,000), which expire over the period between 2027 and 2044, available to offset future taxable income in Canada.
- The Company has a capital loss carry-forward in Canada of $9,987,000 (2023 - $9,987,000), which is available only to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.
- As of December 31, 2024, the Company had non-capital loss carryforwards in Colombia totaling $7,583,000 (2023 - $6,953,000), which do not expire and are available to offset future taxable income in Colombia.
- As of December 31, 2024, the Company had non-capital loss carryforwards in the United States of America aggregating $3,180,000 (2023 - $1,593,000), which do not expire and are available to offset future taxable income in the United States of America.
- As of December 31, 2024, the Company had non-capital loss carryforwards in Brazil aggregating $754,000 (2023 - $433,000), which do not expire and are available to offset future taxable income in the United States of America.

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

25. Provisions and Contingent Liabilities

Due to the nature of the Company's operations, it is subject to various investigations, claims, and legal and tax proceedings in the ordinary course of its business. Based on the opinion of the Company's legal advisors, management considers provisions for its outstanding and pending legal claims to be adequate.

Each of these matters is subject to various uncertainties and it is possible that some of these matters may resolve unfavorably to the Company. In the opinion of management, based upon the information currently available, none of these matters are expected to have a material adverse effect on the results of operations or financial conditions of the Company. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effect of these changes in its consolidated financial statements in the period in which such changes occur. As at December 31, 2024, the Company has recognized a provision related to certain matters of $1,195,000 (2023 - $374,000).

26. Events after the reporting period

After December 31, 2024, the following events occurred:

- 1,425,000 stock options were granted and 50,000 stock options were exercised;
- 105,000 RSU's were granted; and
- The Company made a payment of $2,500,000 toward the Subordinated Loan.

Management has evaluated these events in accordance with IAS 10 "Events after the Reporting Period" and concluded that they do not provide additional evidence of conditions existing as of December 31, 2024, therefore, no adjustments have been made to the amounts recognized in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements.