Quimbaya Gold Inc.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Independent Auditor's Report

To the Shareholders of Quimbaya Gold Inc.:

Opinion

We have audited the consolidated financial statements of Quimbaya Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has negative cashflows from operations and a net loss during the year ended December 31, 2022 and, as of that date, the Company has an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

MNP LLP
1500, 640 - 5th Avenue SW, Calgary AB, T2P 3G4 1.877.500.0792 T: 403.263.3385 F: 403.269.8450

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 International Financial Reporting 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.

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

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 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 Sergey Fesenko.

Calgary, Alberta

MNP LLP

April 27, 2023

Chartered Professional Accountants

QUIMBAYA GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31,

	2022	2021
Assets		
Current Assets		
Cash	**$330,680**	$1,125,811
Accounts receivable	**14,847**	10,282
Prepaid expenses	**4,250**	8,060
Total current assets	**349,777**	1,144,153
Loan receivable (Note 7)	**95,401**	22,967
Mineral property (Note 4)	**185,579**	185,579
Total Assets	**$630,757**	$1,352,699
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Assets		
Accounts payable	**$85,071**	$68,407
Shareholders' equity		
Share capital (Note 5)	**1,944,406**	1,921,621
Obligation to issue shares	**75,000**	-
Reserves (Note 6)	**333,610**	196,230
Accumulated other comprehensive income (loss)	**(8,432)**	(3,052)
Deficit	**(1,798,898)**	(830,507)
Total shareholders' equity	**545,686**	1,284,292
Total liabilities and shareholders' equity	**$630,757**	$1,352,699

Nature and Going Concern (Note 1)

Approved and authorized by the Board of Directors on April 10, 2023.

"Alexandre P. Boivin" Director *"Alexandre De Beaulieu"* Director

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

QUIMBAYA GOLD INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Expenses		
Consulting fees (Note 7)	**$220,190**	$98,742
Directors' fees (Note 7)	**5,000**	-
Exploration expenditures (Note 4)	**127,236**	223,289
Filing fees and transfer agent	**26,302**	-
Foreign exchange	**-**	4,201
Interest	**-**	447
Marketing	**56,355**	49,749
Office and administration	**16,972**	16,362
Professional fees	**180,997**	197,619
Share-based payments (Note 6)	**201,829**	196,230
Travel	**140,682**	17,181
	(975,563)	(803,820)
Interest income (Note 7)	**7,172**	967
Net loss	**(968,391)**	(802,853)
Other comprehensive income (loss)		
Exchange difference on translation of foreign operations	**(5,380)**	(3,014)
Loss and Comprehensive loss for the year	**$(973,771)**	$(805,867)
Basic and diluted loss per common share	**$(0.06)**	$(0.06)
Weighted average number of common shares outstanding – basic and diluted	**15,181,864**	13,392,604

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

QUIMBAYA GOLD INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	**$(968,391)**	$(802,853)
Interest expense	**-**	447
Interest income	**(7,172)**	(967)
Warrants issued for services (Note 6)	**10,551**	-
Share-based payments (Note 6)	**201,829**	196,230
Shares issued for services	**8,160**	10,006
Changes in non-cash working capital items:		
Accounts receivable	**(4,695)**	(9,687)
Accounts payable	**31,223**	60,560
Prepaid expenses	**3,810**	(7,060)
Net cash used in operating activities	**(724,685)**	(553,324)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share issued for cash (Note 5)	**875**	1,617,782
Funds provided for loan receivable (Note 7)	**(65,262)**	(22,000)
Loan funds received	**-**	60,000
Net cash (used in) provided by financing activities	**(64,387)**	1,655,782
Effect of foreign exchange on cash	**(6,059)**	(3,014)
Change in cash for the year	**(795,131)**	1,099,444
Cash, beginning of year	**1,125,811**	26,367
Cash, end of year	**$330,680**	$1,125,811
Supplemental cash flow information		
Shares issued for settlement of debts	**$13,750**	$85,454
Shares issued for share issuance costs	**-**	137,600

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

QUIMBAYA GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares		Obligation to issue shares	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
	Number	Amounts					
Balance, December 31, 2020	9,549,115	$208,379	$-	$-	$(38)	$(27,654)	$180,687
Shares issued for cash	4,761,520	1,617,782	-	-	-	-	1,617,782
Shares issuance costs	-	(137,600)	-	-	-	-	(137,600)
Shares issued for debt	427,254	85,454	-	-	-	-	85,454
Shares issued for services	421,730	147,606	-	-	-	-	147,606
Share-based payments	-	-	-	196,230	-	-	196,230
Comprehensive loss for the year	-	-	-	-	(3,014)	(802,853)	(805,867)
Balance, December 31, 2021	15,159,619	$1,921,621	$-	$196,230	$(3,052)	$(830,507)	$1,284,292
Shares issued for cash (Note 5)	2,500	875	-	-	-	-	875
Shares issued for services (Note 5)	39,833	21,910	-	-	-	-	21,910
Warrants for services (Note 6)	-	-	-	10,551	-	-	10,551
Restricted share units vested	-	-	75,000	(75,000)	-	-	-
Share-based payments (Note 6)	-	-	-	201,829	-	-	201,829
Comprehensive loss for the year	-	-	-	-	(5,380)	(968,391)	(973,771)
Balance, December 31, 2022	**15,201,952**	**$1,944,406**	**$75,000**	**$333,610**	**$(8,432)**	**$(1,798,898)**	**$545,686**

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

1. NATURE AND GOING CONCERN

Quimbaya Gold Inc. (the “Company”) was incorporated in Canada under the Canada Business Corporations Act on May 27, 2020. The Company is principally engaged in the acquisition and exploration and development of mineral properties in Colombia. The Company maintains its registered office at 3400 - 350 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Company is listed on the Canadian Securities Exchange under the symbol “QIM”.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital balance of $264,706 (2021: $1,075,746) and accumulated deficit of $1,798,898 (2021: $781,366) as at December 31, 2022. The Company reported a net loss of $968,391 (2021: $753,712) and negative cashflows from operations of $724,685 (2021: $553,324) for the year ended December 31, 2022. The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at January 1, 2022.

Basis of consolidation and presentation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements include the accounts of the Company and its 100% controlled entity, Golden Pacifico Exploration S.A.S. (a Colombian corporation) (“Golden Pacifico”).

Subsidiaries are entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation (cont'd…)

Use of judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Deferred taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and theses taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Share-based payments

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based payments made to those other than employees or others providing similar services.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted for share-based payments made to employees or others providing similar services. 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 fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 6.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Provisions

  Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the year.

- Functional currency

  The functional currency of the Company and its subsidiary is the currency of their respective primary economic environment. Judgement is necessary in evaluating each entity's functional currency.

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Mineral Properties

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are reviewed for changes in facts and circumstances suggesting the carrying amount exceeds the recoverable amount at each consolidated statement of financial position date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and interruptions in exploration activities. The Company's review considers the following:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and the entity has decided to discontinue such activities in the specific area; and,
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

- Deferred tax

  The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

- Exploration and evaluation assets

  Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash and cash equivalents is comprised of cash on deposit at a Canadian and a Colombian financial institution.

Currency translation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar; the functional currency of Golden Pacifico is the Colombian peso ("COP"). The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Under IFRS, the results and financial position of all the Company's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognized as a separate component of equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation

All costs related to the acquisition of mineral properties, including option payments, are capitalized on an individual prospect basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore on areas of interest are recognized in profit or loss. Expenditures incurred by the Company in connection with the exploration and evaluation of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and proposed acquisition of mineral property interests and to the best of its knowledge the properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

Impairment

Management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss. Transaction costs are expensed in the consolidated statements of loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash, accounts receivable and loan receivable are recorded at amortized cost as they meet the required criteria.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and loans payable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Provisions

Provisions are recorded when a present legal of constructive obligation exists as a result of past events where it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the service period of the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Taxes

Tax expense comprises current and deferred tax. Current tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing 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 goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

New standards not yet adopted

IAS 1 – Presentation of Financial Statements: The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual agreement in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Berrio Project, Colombia

On November 10, 2020, the Company entered into an asset purchase agreement ("APA") with Pacifico Holdings S.A.S. ("Pacifico Holdings") and shares purchase agreement ("SPA") with West Rock Resources Panama Corp. ("West Rock"). Pursuant to the agreements, on December 10, 2020, the Company acquired all of the issued and outstanding common shares of GPE SAS which holds the Concession Mining Contact No. 6822 in the Antioquia region of Colombia (the "Berrio Project"). The Company paid total cash consideration of $185,579 to Pacifico Holdings and West Rock for GPE SAS and certain related historic drill core with respect to the Berrio Project. Both agreements are with unrelated parties.

In the year ended December 31, 2022, the Company acquired by application three additional claims in the Antioquia region of Colombia.

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Community relations	**$5,477**	$5,251
Consulting	**70,594**	-
Field expenditures	**372**	840
Geological	**34,978**	200,345
Professional fees	**12,277**	13,898
Travel	**3,538**	2,955
Total expenditures for the year	**$127,236**	$223,289

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2022

In the year ended December 31, 2022, the Company issued 2,500 common shares at a price of $0.35 per common share for gross proceeds of $875.

In the year ended December 31, 2022, the Company issued 39,833 common shares at a price of $0.55 per common share valued at $21,910 in settlement of services rendered.

Year ended December 31, 2021

During the year ended December 31, 2021 the Company issued 752,254 common shares at a price of $0.20 for total gross proceeds of $150,450 and 4,858,250 common shares at a price of $0.35 for total gross proceeds of $1,700,386

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

As of December 31, 2022, the Company had 6,274,307 common shares subject to time-based escrow release restrictions such that 1,254,861 shares were released on February 28, 2023, and 1,254,861 shares will be released every 6 months thereafter.

6. RESERVES

Securities Based Compensation Arrangements

The Company has a stock option plan ("Option Plan") and a restricted share unit plan ("RSU Plan") in place that allows for aggregate issuances which do not exceed 10% of the issued and outstanding common shares at each date of grant.

Stock Options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	1,300,000	$0.35
Granted	100,000	0.35
Balance outstanding, December 31, 2022	1,400,000	$0.35
Balance exercisable, December 31, 2022	1,400,000	$0.35

Stock options outstanding as at December 31, 2022:

	Number outstanding	Number exercisable	Exercise price	Expiry date
Options	1,300,000	975,000	$ 0.35	September 30, 2023
	100,000	100,000	$ 0.35	February 28, 2024

As at December 31, 2022, the outstanding stock options had a weighted average remaining life of 0.78 (2021 – 0.75) years.

Restricted Share Units

RSU transactions are summarized as follows:

	Number of RSUs	Weighted Average Fair Value Per Share at Grant Date
Balance, December 31, 2020	-	$-
Granted	214,285	0.35
Balance outstanding, December 31, 2021 and 2022	214,285	$0.35
Balance vested, December 31, 2022	**214,285**	**$0.35**

The RSUs have time-based vesting conditions whereby one quarter (1/4) of the RSUs will vest every three months from the date of grant.

(Expressed in Canadian Dollars)

6. RESERVES (cont'd…)

Share-based payments

During the year ended December 31, 2022, the Company granted 100,000 (2021 – 1,300,000) stock options with a weighted average fair value of $0.23 (2021 - $0.23) per option. The Company recognized share-based payments expense of $165,890 (2021 - $157,168) for options granted and vesting during the year ended December 31, 2022.

Share-based payments expense with respect to stock options is estimated using the following assumptions: The expected volatility assumption was determined through the comparison of historical share price volatilities used by similar publicly listed companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options vesting during the year:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Share price	**$0.35**	$0.35
Risk-free interest rate	**1.45%**	0.51%
Expected life of options	**2 years**	2 years
Expected annualized volatility	**124-130%%**	135.0%
Dividend rate	**-**	-
Forfeiture rate	**-**	-

As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be $0.35, equal to the market price on the date of grant as determined by recent subscription prices for the Company's common shares paid by third parties. The Company recognized share-based payments expense with respect to RSUs granted and vesting of $35,939 (2021 - $39,062) in the year ended December 31, 2022.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020 and 2021	-	$-
Granted	42,440	0.35
Balance outstanding and exercisable, December 31, 2022	**42,440**	**$0.35**

(Expressed in Canadian Dollars)

6. **RESERVES** (cont'd…)

Warrants (cont'd…)

Warrants outstanding as at December 31, 2022:

	Number outstanding	Number exercisable	Exercise price	Expiry date
Warrants	42,440	42,440	$ .35	August 11, 2024

As at December 31, 2022, the outstanding warrants had a weighted average remaining life of 1.61 (2021 – N/A) years.

The warrants issued in the year ended December 31, 2022 were granted for marketing services as recorded in the consolidated statement of loss and comprehensive loss. The warrants were valued at $10,817 using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 1.02%, volatility of 135%, expected life of 2.6 years and dividend rate of 0%.

7. RELATED PARTY TRANSACTIONS

Key management personnel includes the President, Chief Financial Officer and Directors of the Company. The remuneration of the key management personnel is as follows:

Payments to key management personnel	**For the year ended December 31, 2022**	For the year ended December 31, 2021
Consulting fees	**$163,600**	$86,742
Director's fees	**5,000**	-
Accounting fees	**32,500**	16,250
Share-based payments	**158,651**	134,624

As at December 31, 2022, $nil (2021 - $13,750) was included in accounts payable owing to Officers and Directors of the Company in relation to fees for consulting services.

In the year ended December 31, 2022, the Company extended loans totaling $65,262 (2021 - $22,000) to Combia Gold Inc. ("Combia"), a company with a director in common. All loans to Combia bear interest at a rate of 15% per annum. The loans are unsecured and repayable on or before September 15, 2023, along with accrued interest. If the Company does not receive repayment in cash, the Company will automatically receive a number of common shares of Combia equal to a 33% discount on the price per share of the last issuance of more than $25,000. As at December 31, 2022, the total loan principal outstanding was $87,262 (2021 - $22,000) and total interest accrued on these loans was $8,139 (2021 - $967).

(Expressed in Canadian Dollars)

8. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.50% to income before income taxes. The reasons for the differences are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Income before income tax	**$(968,391)**	$(802,853)
Statutory income tax rate	**26.50%**	26.50%
Expected income tax recovery	**$(256,624)**	$(212,756)
Share-based payments	**53,483**	52,001
Impact of share issue costs	**-**	(36,464)
Changes in benefits not recognized	**203,141**	197,219
Income tax expense (recovery)	**$-**	$-

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences consists of unused tax losses for which no deferred tax asset is recognized.

	December 31, 2022	December 31, 2021
Non-capital losses	**$1,457,000**	$663,000
Share issue costs	**82,560**	110,000
Resource Assets	**830,738**	830,738
Unrecognized deductible temporary differences	**$2,370,298**	$1,603,738

As at December 31, 2022, the Company has Canadian non-capital losses of $1,147,000 (2021 - $663,000) that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the year ended December 31, 2042. The resource assets relate to Colombian activities.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash, accounts receivables, loan receivable and accounts payable are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities, excluding loan receivable, measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. The Company considers that the carrying value of the loan receivable approximates its fair value as the market rate of interest approximate market rate of interest and the relatively low principal balance.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors

Credit risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to $330,680 at December 31, 2022 (2021 – $1,125,811). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, the credit risk is considered by management to be negligible. As at December 31, 2022, the Company had an immaterial amount of cash balances in Colombia.

The Company is exposed to credit risk with respect to the loan receivable. The Company believes the loan is recoverable and will monitor changes to the credit quality of the debtor.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at December 31, 2022, the Company had working capital of $264,706 (2021 – $1,075,746). The Company's financial obligations are limited to accounts payable, which have contractual maturities of less than a year.

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. Management believes the interest rate risk is low given the current low global interest rate environment. At December 31, 2022, the Company maintained all of its cash balance on deposit with a major Canadian bank.

Foreign currency risk

The Company operates in Colombia and is therefore exposed to foreign exchange risk arising from transactions denominated in the Colombian peso ("COP$"). The Company's financial assets and liabilities are held in COP$ and are therefore subject to fluctuation against the Canadian dollar, its reporting currency. The Company has no program in place for hedging foreign currency risk.

10. CAPITAL MANAGEMENT

The Company's capital management objective is to maintain financial capacity that is strong to sustain the future development of the business.

The Company's capital structure includes shareholders' equity of $545,686 (2021 – $1,284,292). The Company manages its capital structure to maximize its financial flexibility to adjust to changes in economic conditions. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2022.