

# **Quimbaya Gold Inc.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements, they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**QUIMBAYA GOLD INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**AS AT**

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 148,921	\$ 330,680
Accounts receivable	111,933	14,847
Prepaid expenses	<u>245,784</u>	<u>4,250</u>
<b>Total current assets</b>	506,638	349,777
Loan receivable (Note 7)	105,219	95,401
Funding to target entities (Note 3)	135,184	-
Deposit on property acquisition (Note 3)	136,012	-
Mineral property (Note 3)	<u>185,579</u>	<u>185,579</u>
<b>Total assets</b>	<u>\$ 1,068,632</u>	<u>\$ 630,757</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable	<u>\$ 28,931</u>	<u>\$ 85,071</u>
Convertible loans (Note 4)	<u>116,045</u>	<u>-</u>
<b>Total liabilities</b>	144,976	85,071
<b>Shareholders' equity</b>		
Share capital (Note 5)	3,101,437	1,944,406
Obligation to issue shares	75,000	75,000
Reserves (Note 6)	364,421	333,610
Accumulated other comprehensive loss	(9,284)	(8,432)
Deficit	<u>(2,607,918)</u>	<u>(1,798,898)</u>
<b>Total shareholders' equity</b>	<u>923,656</u>	<u>545,686</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,068,632</u>	<u>\$ 630,757</u>

**Nature and Going Concern** (Note 1)

**Subsequent Events** (Note 10)

Approved and authorized by the Board of Directors on November 29, 2023.

"Alexandre P. Boivin"

Director

"Alexandre De Beaulieu"

Director

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

**QUIMBAYA GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<b>EXPENSES</b>				
Consulting fees (Note 7)	\$ 93,762	\$ 65,800	\$ 178,762	\$ 168,990
Directors' fees (Note 7)	-	-	5,000	5,000
Exploration expenditures (Note 3)	163,009	36,393	194,956	113,168
Filing fees and transfer agent	26,118	4,714	35,598	21,184
Foreign exchange	2,410	(19,002)	1,730	(24,061)
Finance expense (Note 4)	33,370	-	38,450	-
Investor relations	3,808	-	21,943	-
Marketing	70,426	35,109	101,399	56,622
Office and administration	4,445	4,015	14,007	10,130
Professional fees	30,847	291	117,174	104,485
Property investigation	(9,581)	-	-	-
Share-based payments (Note 6)	-	19,030	9,410	175,269
Travel	41,922	24,694	100,408	102,486
	(460,536)	(171,044)	(818,837)	(733,273)
Interest income (Note 7)	3,272	2,250	9,817	3,900
<b>Net loss</b>	(457,264)	(168,794)	(809,020)	(729,373)
<b>Other comprehensive loss</b>				
Unrealized loss	1,243	(22,229)	(852)	(27,460)
Exchange difference on translation of foreign operations	-	-	-	-
<b>Loss and comprehensive loss for the period</b>	\$ (456,021)	\$ (191,023)	\$ (809,872)	\$ (756,833)
<b>Basic and diluted loss per common share</b>	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.05)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	16,592,738	15,201,952	15,662,903	15,175,094

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

**QUIMBAYA GOLD INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30,**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (809,020)	\$ (729,373)
Interest income	(9,818)	(3,900)
Finance expense (Note 4)	38,450	-
Warrants issued for services (Note 6)	-	10,817
Share-based payments	9,410	175,269
Shares issued for services (Note 5)	18,225	8,160
Changes in non-cash working capital items:		
Accounts receivable	(97,086)	(4,051)
Accounts payable	(56,601)	(22,161)
Prepaid expenses	<u>(241,534)</u>	<u>(20,440)</u>
Net cash used in operating activities	<u>(1,147,974)</u>	<u>(585,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Funding to target entities	(135,184)	-
Funds on deposit for acquisition (Note 3)	<u>(136,012)</u>	<u>-</u>
Net cash used in investing activity	<u>(271,196)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funds received for convertible loans (Note 4)	280,000	-
Funds received for convertible loans (Note 4)	(150,000)	-
Funds provided for loan receivable (Note 6)	-	(65,262)
Stock options exercised	90,000	-
Share issued for cash (Note 5)	<u>1,017,802</u>	<u>875</u>
Net cash provided by financing activities	<u>1,237,802</u>	<u>(64,387)</u>
<b>Effect of foreign exchange on cash</b>	(391)	(27,822)
<b>Change in cash for the period</b>	(181,759)	(677,888)
<b>Cash, beginning of period</b>	<u>330,680</u>	<u>1,125,811</u>
<b>Cash, end of period</b>	<u>\$ 148,921</u>	<u>\$ 447,923</u>
<b>Supplemental cash flow information</b>		
Shares issued for settlement of debts	\$ -	\$ 13,750
Bonus warrants issued for convertible loans	15,725	-
Conversion feature on convertible loans	<u>36,680</u>	<u>-</u>

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

**QUIMBAYA GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Common Shares		Obligation to issue shares	Reserves	Accumulated Other Comprehen sive Income (Loss)	Deficit	Total
	Number	Amounts					
<b>Balance, December 31, 2021</b>	15,159,619	\$ 1,921,621	\$ -	\$ 196,230	\$ (3,052)	\$ (830,507)	\$ 1,284,292
Shares issued for cash	2,500	875	-	-	-	-	875
Shares issued for services	39,833	21,910	-	-	-	-	21,910
Warrants for services	-	-	-	10,817	-	-	10,817
Restricted share units vested	-	-	70,311	(70,311)	-	-	-
Share-based payments	-	-	-	175,269	-	-	175,269
Comprehensive loss for the period	-	-	-	-	(27,460)	(729,373)	(756,833)
<b>Balance, September 30, 2022</b>	15,201,952	\$ 1,944,406	\$ 70,311	\$ 312,005	\$ (30,512)	\$ (1,559,880)	\$ 736,330
<b>Balance, December 31, 2022</b>	15,201,952	\$ 1,944,406	\$ 75,000	\$ 333,610	\$ (8,432)	\$ (1,798,898)	\$ 545,686
Shares issued for cash	2,261,782	1,017,802	-	-	-	-	1,017,802
Shares issued for services	37,114	18,225	-	-	-	-	18,225
Stock options exercised	257,145	121,004	-	(31,004)	-	-	90,000
Convertible debenture	-	-	-	36,680	-	-	36,680
Bonus Warrants	-	-	-	15,725	-	-	15,725
Share-based payments	-	-	-	9,410	-	-	9,410
Comprehensive loss for the period	-	-	-	-	(852)	(809,020)	(809,872)
<b>Balance, September 30, 2023</b>	17,757,993	\$ 3,101,437	\$ 75,000	\$ 364,421	\$ (9,284)	\$ (2,607,918)	\$ 923,656

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

**QUIMBAYA GOLD INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**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 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 3N9. The Company is listed on the Canadian Securities Exchange under the symbol “QIM”.

These condensed consolidated interim 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 \$477,707 (December 31, 2022 - \$264,706) and accumulated deficit of \$2,607,918 (December 31, 2022 - \$1,798,898) as at September 30, 2023. The Company reported a net loss of \$809,020 and negative cashflows from operations of \$1,147,974 for the period ended September 30, 2023. 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statement, including IAS 34, Interim Financial Reporting. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2022, and the notes thereto.

**Basis of consolidation and presentation**

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

These condensed consolidated interim 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.

**QUIMBAYA GOLD INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**2. BASIS OF PREPARATION (cont'd...)**

**Use of judgments and estimates**

The preparation of these condensed consolidated interim 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 condensed consolidated interim 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 these 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 5.

Convertible loans

Management has made estimates with respect to the effective interest rate applied to the convertible debentures issued (Note 4).

**QUIMBAYA GOLD INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**2. BASIS OF PREPARATION (cont'd...)**

**Use of judgments and estimates (cont'd...)**

The key areas of judgment applied in the preparation of the condensed consolidated interim 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 condensed consolidated interim 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.

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

**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. 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.

During 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 nine months ended September 30, 2023	For the nine months ended September 30, 2022
Community relations	\$ 4,411	\$ 4,346
Consulting	182,587	58,133
Field expenditures	-	384
Geological	9,077	35,424
Professional fees	-	12,666
Travel	(1,119)	2,215
<b>Total expenditures for the period</b>	<b>\$ 194,956</b>	<b>\$ 113,168</b>

**QUIMBAYA GOLD INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Tahami and Maitamac Projects, Colombia**

On June 14, 2023, the Company entered into three definitive agreements (the "Definitive Agreements") with Remandes Corporation S.A. ("Remandes") for the acquisition of all the issued and outstanding shares (the "Shares") of Explogold Ingenieria y Consultoria S.A.S., Minera Buey Aures S.A.S. and Soluciones Ambientales Del Nordeste S.A.S. (collectively, the "Companies") by way of share purchase agreements (the "Transaction").

Pursuant to the Transaction, the Company will acquire the Tahami and Maitamac Projects in Colombia held by the Companies:

- The Tahami Project consists of two titles covering approximately 622 hectares and is located 158 kilometers northeast of Medellin in the Segovia-Remedios mining district of Antioquia. A portion of the purchase price will be held back pending the successful transfer of certain mining applications covering a total aggregate area of approximately 2,494.4 hectares.
- The Maitamac Project consists of 6 mining applications covering approximately 26,102 Ha and is located 45 km southwest of Medellín in the Abejorral and Sonson municipalities.

The Transaction is structured as three (3) separate share purchase agreements among the Company, Remandes and each of the Companies. The purchase price payable by the Company for all of the issued and outstanding shares of the Companies (the "Purchase Price") shall be satisfied by:

- (i) the payment to Remandes of a deposit in the amount of US\$100,000 (paid - \$136,012) to be used by Remandes in accordance with an approved budget mutually agreed upon by the parties; and
- (ii) the issuance of 10,000,000 shares in the share capital of the Company to Remandes (the "Consideration Shares"). 2,000,000 of the Consideration Shares will be retained by the Company (the "Holdback Consideration Shares") subject to the completion of the transfer of certain mining applications to Quimbaya. The Consideration Shares and the Holdback Consideration Shares will be subject to a 24 month contractual escrow arrangement, in addition to any escrow requirements required under applicable securities laws and stock exchange rules.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to the receipt of all applicable regulatory, shareholder and third party approvals, as applicable.

In the period ended September 30, 2023, the Company provided advanced funding of \$135,184 to the Companies.

The Transaction is a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") as Alexandre P. Boivin, President and CEO of Quimbaya, is a control person of Remandes. The Company anticipates the Transactions to be exempt from the valuation and minority shareholder approval requirements contained in 61-101.

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

**4. CONVERTIBLE LOANS**

In the nine months ended September 30, 2023, the Company entered into a convertible loan facility for total proceeds of \$116,045 with a director of the Company. The convertible loans accrue interest at a rate of 10% per annum and are convertible into common shares, along with accrued interest, at the option of the holder at a conversion price of \$0.50 per common share. The Company received funds of \$135,000 on May 11, 2023, and a further \$145,000 on June 9, 2023. The convertible loans mature two years from the date of issuance.

In the period ended September 30, 2023, the Company repaid \$150,000 to the lender against principal.

A summary of the movement in the debt portion of the convertible debentures is as follows:

<b>Convertible debentures</b>		
Balance, December 31, 2021, and 2022	\$	-
Issuance		280,000
Equity feature		(36,680)
Transaction costs and bonus warrants		(15,725)
Repayments		(150,000)
Accretion expense		29,658
Interest accrued		8,792
		<hr/>
Balance, September 30, 2023	\$	116,045
Principal and accrued interest, September 30, 2023	\$	138,792

After valuing the financial liability component of the convertible debentures, a residual value was assigned to the conversion feature. The Company considered the market interest rate for comparable entities and instruments in the market. The Company has estimated that comparable instruments would bear an interest rate of 18%.

The Company issued 84,000 bonus warrants to the lender exercisable at a price of \$0.50 per common share of the Company for a period of two years. These bonus warrants had a fair value of \$15,725 calculated using the Black-Scholes option pricing model, with weighted average inputs of: a risk-free interest rate of 4.10%, expected life of 2 years, dividend of 0% and volatility of 95%. The value of the bonus warrants is accreted over the term of the convertible loans.

**5. SHARE CAPITAL**

## a) Authorized share capital

Unlimited number of common shares without par value.

## b) Issued share capital

*Nine months ended September 30, 2023*

In the nine months ended September 30, 2023, the Company:

a) Issued 5,864 common shares at a price of \$0.55 per common share valued at \$3,225 in settlement of services rendered.

b) Issued 31,250 common shares at a price of \$0.48 per common share valued at \$15,000 in settlement of services rendered.

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

**5. SHARE CAPITAL** (cont'd...)*Nine months ended September 30, 2023 (cont'd...)*

- c) Issued 2,261,782 common shares at a price of \$0.45 per common share for aggregate proceeds of \$1,017,802.
- d) Issued 257,145 common shares for the exercise of stock options for aggregate proceeds of \$90,000. The Company reallocated reserves of \$31,004 to share capital.

*Year ended December 31, 2022*

In the year ended December 31, 2022, the Company:

- a) Issued 2,500 common shares at a price of \$0.35 per common share for gross proceeds of \$875.
- b) Issued 39,833 common shares at a price of \$0.55 per common share valued at \$21,910 in settlement of services rendered.

**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	<u>100,000</u>	0.35
Balance outstanding, December 31, 2022	1,400,000	\$ 0.35
Granted	50,000	0.35
Exercise	(90,000)	0.35
Expired	<u>(1,210,000)</u>	0.35
Balance outstanding, September 30, 2023	150,000	\$ 0.35
Balance exercisable, September 30, 2023	150,000	\$ 0.35

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

**6. RESERVES (cont'd...)***Stock Options (cont'd...)*

Stock options outstanding as at September 30, 2023:

	Number outstanding	Number exercisable	Exercise price	Expiry date
<b>Options</b>	100,000	100,000	\$ 0.35	February 28, 2024
	50,000	50,000	\$ 0.35	May 24, 2025

As at September 30, 2023, the outstanding stock options had a weighted average remaining life of 0.35 (December 31, 2022 – 0.78) years.

*Restricted Share Units*

The Company has a balance outstanding and vested RSUs of 214,285 with a weighted average fair value of per share at grant date of \$0.35 for the periods ended December 31, 2021, December 31, 2022, and September 30, 2023.

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.

*Share-based payments*

During the period ended September 30, 2023, the Company granted 50,000 (December 31, 2022 – 100,000) stock options with a weighted average fair value of \$0.19 (December 31, 2022 - \$0.23) per option. The Company recognized share-based payments expense of \$9,410 (2022 - \$144,019) for options granted and vesting during the period ended September 30, 2023.

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 period:

	For the nine months ended September 30, 2023	For the year ended December 31, 2022
Share price	\$ 0.35	\$ 0.35
Risk-free interest rate	4.23%	1.45%
Expected life of options	2 years	2 years
Expected annualized volatility	99%	124-130%
Dividend rate	0%	0%
Forfeiture rate	-	-

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

**6. RESERVES (cont'd...)***Share-based payments (cont'd...)*

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 \$nil (2022 - \$31,250) in the period ended September 30, 2023.

*Warrants*

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021, and December 31, 2022	42,440	\$ 0.35
Granted	<u>84,000</u>	0.60
Balance outstanding, September 30, 2023	126,440	\$ 0.52
Balance exercisable, September 30, 2023	126,440	\$ 0.52

Warrants outstanding as at September 30, 2023:

	Number outstanding	Number exercisable	Exercise price	Expiry date
<b>Warrants</b>	42,440	42,440	\$ 0.35	August 11, 2024
	39,000 <sup>(1)</sup>	39,000	0.60	May 11, 2025
	45,000 <sup>(1)</sup>	45,000	0.60	June 9, 2025

<sup>(1)</sup> Refer to bonus warrants in Note 4.

As at September 30, 2023, the outstanding warrants had a weighted average remaining life of 1.39 (December 31, 2022 – 1.61) years.

The warrants issued in the year ended December 31, 2022, were granted for marketing services as recorded in the condensed consolidated interim 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 include the President, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<b>Payments to key management personnel</b>		
Consulting fees	\$ 130,000	\$ 126,900
Director's fees	5,000	5,000
Accounting fees	27,000	32,200
Share-based payments	-	158,651

**QUIMBAYA GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**7. RELATED PARTY TRANSACTIONS (cont'd...)**

As at September 30, 2023 and December 31, 2022, \$nil was included in accounts payable owing to Officers and Directors of the Company in relation to fees for consulting services.

In the period ended September 30, 2023, the Company extended loans totaling \$nil (December 31, 2022 - \$65,262) 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 September 30, 2023, the total loan principal outstanding was \$87,262 (December 31, 2022 - \$87,262) and total interest accrued on these loans was \$17,957 (December 31, 2022 - \$8,139).

The Transaction as detailed in Note 3 is a related party transaction. The convertible loans detailed in Note 4 are due to a director of the Company.

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

Cash, accounts receivables, loan receivable, accounts payable and convertible loans are carried at amortized cost. The Company considers that the carrying amount of cash, accounts receivable and accounts payable 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 approximates market rate of interest and the relatively low principal balance. The fair value of the convertible loans and accrued interest are disclosed in Note 4.

**Financial risk factors***Credit risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to \$148,921 at September 30, 2023 (December 31, 2022 - \$330,680). 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 September 30, 2023, 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 September 30, 2023, the Company had working capital of \$477,707 (December 31, 2022 - \$264,706). The Company's financial obligations include accounts payable, which have contractual maturities of less than a year and the convertible loans which mature in fiscal 2025.

*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 September 30, 2023, the Company maintained all of its cash balance on deposit with a major Canadian bank.

**QUIMBAYA GOLD INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Financial risk factors (cont'd...)**

*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.

**9. 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 \$923,656 (December 31, 2022 – \$545,686). 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 period ended September 30, 2023.

**10. SUBSEQUENT EVENTS**

None.