

Quimbaya Gold Inc.

CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

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, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for the acquisition of certain mining assets

Key Audit Matter Description

As described in Note 4 to the consolidated financial statements, the Company acquired all the issued and outstanding shares of Explogold, Minera Buey and Nordeste (collectively known as the companies) by way of share purchase agreements from Remandes Corporation S.A. during the year ended December 31, 2023. Determination of if this transaction represented a business or an asset acquisition required a significant amount of judgment. Management also applied significant judgment in estimating the fair value of the assets acquired. To estimate the fair value of the assets, management used the fair value of the equity instruments and cash paid as consideration.

We considered the accounting for the acquisition of the companies as a key audit matter due to the significant judgments applied by management in concluding that this transaction didn't represent a business acquisition under IFRS 3 Business combinations, and in estimating the fair value of the exploration and evaluation assets acquired.

Audit Response

We responded to this matter by performing procedures in relation to accounting for the acquisition of the companies. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and examined the share purchase agreement related to the acquisition;
- Evaluated management's memo on the determination if this acquisition represents an asset acquisition or a business under IFRS 3 Business combinations;
- Analyzed management's memo on the determination of value of the acquired assets and evaluated management's assessment of the fair value of equity instruments paid as consideration;
- Consulted with internal technical group to confirm accuracy of conclusions made by management; and
- Obtained signed agreements indicating ownership of claims by the companies and tracing licenses held by the company to the related Colombian government website (Agencia Nacional de Minería) as evidence of ownership of the assets acquired.

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

April 29, 2024

MNP LLP

Chartered Professional Accountants

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

	2023	2022
ASSETS		
Current		
Cash	\$ 20,656	\$ 330,680
Accounts receivable	55,402	14,847
Prepaid expenses	<u>152,904</u>	<u>4,250</u>
Total current assets	228,962	349,777
Loan receivable (Note 8)	100,000	95,401
Exploration and evaluation assets (Note 4)	<u>4,402,910</u>	<u>185,579</u>
Total assets	<u>\$ 4,731,872</u>	<u>\$ 630,757</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	\$ 199,487	\$ 85,071
Loans payable (Note 5)	<u>40,309</u>	<u>-</u>
	<u>239,796</u>	<u>85,071</u>
Convertible loans payable (Note 5)	<u>208,381</u>	<u>-</u>
Total liabilities	448,177	85,071
Shareholders' equity		
Share capital (Note 6)	6,930,009	1,944,406
Obligation to issue shares	75,000	75,000
Reserves (Note 7)	300,588	333,610
Accumulated other comprehensive loss	(10,219)	(8,432)
Deficit	<u>(3,011,683)</u>	<u>(1,798,898)</u>
Total shareholders' equity	<u>4,283,695</u>	<u>545,686</u>
Total liabilities and shareholders' equity	<u>\$ 4,731,872</u>	<u>\$ 630,757</u>

Nature and Going Concern (Note 1)

Approved and authorized by the Board of Directors on April 29, 2024.

"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,

	2023	2022
EXPENSES		
Consulting fees (Note 8)	\$ 296,762	\$ 220,190
Directors' fees (Note 8)	10,000	5,000
Exploration expenditures (Note 4)	64,946	127,236
Filing fees and transfer agent	59,588	26,302
Foreign exchange	1,671	-
Finance expense (Note 10)	47,961	-
Investor relations	177,332	-
Marketing	172,399	56,355
Office and administration	25,664	16,972
Professional fees	222,821	180,997
Property investigation (Note 4)	28,523	-
Share-based payments (Note 7)	9,410	201,829
Travel	<u>152,432</u>	<u>140,682</u>
	(1,269,509)	(975,563)
Interest income	13,089	7,172
Modification of debt instrument (Note 5)	52,126	-
Impairment of financial asset (Note 8)	<u>(8,491)</u>	<u>-</u>
	56,724	7,172
Net loss	(1,212,785)	(968,391)
Other comprehensive loss		
Exchange difference on translation of foreign operations	<u>(1,787)</u>	<u>(5,380)</u>
Loss and comprehensive loss for the year	<u>\$ (1,214,572)</u>	<u>\$ (973,771)</u>
Basic and diluted loss per common share	\$ (0.07)	\$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	<u>16,464,953</u>	<u>15,181,864</u>

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,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,212,785)	\$ (968,391)
Interest income	(13,089)	(7,172)
Finance expense (Note 10)	47,961	-
Impairment of financial asset (Note 8)	8,491	-
Modification of debt instrument (Note 5)	(52,126)	-
Warrants issued for services (Note 7)	-	10,551
Share-based payments (Note 7)	9,410	201,829
Shares issued for services (Note 6)	18,225	8,160
Changes in non-cash working capital items:		
Accounts receivable	(36,025)	(4,695)
Accounts payable	111,553	31,223
Prepaid expenses	(148,654)	3,810
Net cash used in operating activities	<u>(1,267,039)</u>	<u>(724,685)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of Remandes companies prior to acquisition (Note 4)	(248,033)	-
Acquisition of Remandes companies (Note 4)	(173,043)	-
Net cash used in investing activities	<u>(421,076)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received for convertible loans (Note 5)	420,000	-
Loan funds repaid (Note 5)	(150,000)	-
Funds provided for loan receivable (Note 8)	-	(65,262)
Stock options exercised	90,000	-
Share issued for cash (Note 6)	1,017,802	875
Net cash provided by (used in) financing activities	<u>1,377,802</u>	<u>(64,387)</u>
Effect of foreign exchange on cash	289	(6,059)
Change in cash for the year	(310,024)	(795,131)
Cash, beginning of year	<u>330,680</u>	<u>1,125,811</u>
Cash, end of year	<u>\$ 20,656</u>	<u>\$ 330,680</u>
Supplemental cash flow information		
Shares issued for settlement of debts	\$ -	\$ 13,750
Bonus warrants issued for convertible loans	15,725	-
Conversion feature on convertible loans, subsequently modified	43,818	-
Conversion feature on convertible loans	17,144	-

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 Income (Loss)	Deficit	Total
	Number	Amounts					
Balance, December 31, 2021	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	-	-	-	10,551	-	-	10,551
Restricted share units vested	-	-	75,000	(75,000)	-	-	-
Share-based payments	-	-	-	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
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	149,576	-	(59,576)	-	-	90,000
Acquisition of Companies (Note 4)	10,000,000	3,800,000	-	-	-	-	3,800,000
Equity feature of convertible debenture	-	-	-	43,818	-	-	43,818
Extinguishment of convertible debenture	-	-	-	(43,818)	-	-	(43,818)
Equity feature of convertible debenture	-	-	-	17,144	-	-	17,144
Bonus warrants	-	-	-	15,725	-	-	15,725
Cancellation of bonus warrants	-	-	-	(15,725)	-	-	(15,725)
Share-based payments	-	-	-	9,410	-	-	9,410
Comprehensive loss for the year	-	-	-	-	(1,787)	(1,212,785)	(1,214,572)
Balance, December 31, 2023	27,757,993	\$ 6,930,010	\$ 75,000	\$ 300,588	\$ (10,219)	\$ (3,011,683)	\$ 4,283,696

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

QUIMBAYA GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED DECEMBER 31, 2023

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” and OTCQB under the symbol “QIMGF”.

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 deficit of \$10,834 (2022 – capital of \$264,706) and accumulated deficit of \$3,011,683 (2022 - \$1,798,898) as at December 31, 2023. The Company reported a net loss of \$1,212,785 and negative cashflows from operations of \$1,267,038 for the year ended December 31, 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 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, 2023.

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 condensed consolidated interim 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 subsidiaries as follows:

Company	Place of Incorporation	Effective Interest	Principal Activity	Functional currency
Golden Pacifico Exploration S.A.S. (“Golden Pacifico”)	Colombia	100%	Mining exploration	Colombian peso
Explogold Ingenieria y Consultoria S.A.S. (“Explogold”)	Colombia	100%	Mining exploration	Colombian peso
Minera Buey Aures S.A.S. (“Minera Buey”)	Colombia	100%	Mining exploration	Colombian peso
Soluciones Ambientales Del Nordeste S.A.S. (“Nordeste”)	Colombia	100%	Mining exploration	Colombian peso
Quimbaya Gold Colombia S.A.S.	Colombia	100%	Mining exploration	Colombian peso

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...)

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.

Loans payable

Management has made estimates with respect to the effective interest rate applied to the convertible loans payable (Note 5).

Loans receivable

Due to the financial status of the debtor with respect to the loans receivable, management has estimated the recoverable amount with available information (Note 8).

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:

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

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

- 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.

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.

- Acquisitions

The acquisitions in Note 4 required management to make a judgment as to whether the entities constituted a business under the definitions of IFRS 3. The assessment required management to assess the inputs, processes, and ability of those entities to produce outputs at the time of acquisition. Pursuant to the assessment, the acquisition of the entities was considered an asset acquisition.

3. MATERIAL ACCOUNTING POLICIES

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.

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.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation (cont'd...)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

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.

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.

Tahami and Maitamac Projects, Colombia

On December 21, 2023, the Company acquired all the issued and outstanding shares of Explogold, Minera Buey and Nordeste (collectively, the “Companies”) by way of share purchase agreements from Remandes Corporation S.A. (“Remandes”) (the “Transaction”).

Pursuant to the Transaction, the Company acquired 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.

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

The Transaction was executed 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") was satisfied by:

- (i) the payment to Remandes of a deposit in the amount of US\$100,000 (paid - \$136,012); and
- (ii) the issuance of 10,000,000 shares in the share capital of the Company to Remandes (the "Consideration Shares"). The Consideration Shares are subject to a 24-month contractual escrow arrangement.

The Transaction was a related party transaction as Alexandre P. Boivin, President and CEO of Quimbaya, is a control person of Remandes.

This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation. The Company applied IFRS 2 Share-based Payments in accounting for and assessing the transaction.

The following tables summarize the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired, and liabilities assumed:

Purchase price	Explogold	Minera Buey	Nordeste	Total
Consideration Shares	\$ 190,000	\$ 190,000	\$ 3,420,000	\$ 3,800,000
Cash payments	-	-	136,012	136,012
Acquisition costs	<u>1,852</u>	<u>1,852</u>	<u>33,327</u>	<u>37,031</u>
	<u>\$ 191,852</u>	<u>\$ 191,852</u>	<u>\$ 3,589,339</u>	<u>\$ 3,973,043</u>

Net assets acquired	Explogold	Minera Buey	Nordeste	Total
Accounts receivable	\$ 169	\$ 1,704	\$ 2,657	\$ 4,530
Exploration and evaluation assets	192,177	190,526	3,834,628	4,217,331
Accounts payable	(291)	(175)	(318)	(784)
Funding from the Company prior to acquisition	<u>(203)</u>	<u>(203)</u>	<u>(247,628)</u>	<u>(248,034)</u>
	<u>\$ 191,852</u>	<u>\$ 191,852</u>	<u>\$ 3,589,339</u>	<u>\$ 3,973,043</u>

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Exploration and evaluation assets

The Company's exploration and evaluation assets are summarized as follows:

	Berrio Project	Tahami Project	Maitamac Project	Total
Balance, December 31, 2021, and 2022	\$ 185,579	\$ -	\$ -	\$ 185,579
Acquired	-	3,834,628	382,703	4,217,331
Balance, December 31, 2023	\$ 185,579	\$ 3,834,628	\$ 382,703	\$ 4,402,910

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures on the Berrio Project:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Community relations	\$ 6,029	\$ 5,477
Consulting	29,558	70,594
Field expenditures	-	372
Geological	29,359	34,978
Professional fees	-	12,277
Travel	-	3,538
Total expenditures for the year	\$ 64,946	\$ 127,236

Property investigation costs incurred in the year relate to expenditures incurred with respect to the Tahami and Maitamac Projects and prospect generation in Colombia before the acquisition of the Companies.

5. LOANS PAYABLE

In the year ended December 31, 2023, the Company entered into a convertible loan facility for total proceeds of \$280,000 with a director of the Company ("Loan Facility"). The convertible loans accrued interest at a rate of 10% per annum and were 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.

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.

In September 2023, the Company repaid \$150,000 to the lender against principal of the convertible loans. On November 28, 2023, the lender and Company agreed to the cancellation of the bonus warrants from which point the amounts accrue interest at a rate of 12% of annum.

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5. LOANS PAYABLE (cont'd...)

In December 2023, the Company borrowed an additional \$100,000 accruing interest at a rate of 12%. All balances mature two years from the date of the first issuance under the facility on May 9, 2025.

The Company borrowed an additional \$40,000 from the CFO of the Company which is due on demand and accrues interest at a rate of 12% per annum ("Cash Loan").

A summary of the movements of the debt facilities is as follows:

	Cash Loan	Convertible Loan Facility	Total
Balance, December 31, 2021, and 2022	\$ -	\$ -	\$ -
Funds received as convertible loans	-	380,000	380,000
Equity feature	-	(17,144)	(17,144)
Transaction costs and bonus warrants	-	(15,725)	(15,725)
Cancellation of bonus warrants	-	15,725	15,725
Repayments	-	(150,000)	(150,000)
Accretion expense	-	33,366	33,366
Interest accrued	309	14,285	14,594
Modification of instrument	-	(52,126)	(52,126)
Funds received as loans	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Balance, December 31, 2023	<u>\$ 40,309</u>	<u>\$ 208,381</u>	<u>\$ 248,690</u>
Current	40,309	-	40,309
Non-current	-	208,381	208,381

6. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended December 31, 2023

In the year ended December 31, 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.
- 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.
- e) Issued 10,000,000 common shares as consideration for the Companies (Note 4).

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6. SHARE CAPITAL (cont'd...)

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.

7. 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	(257,145)		0.35
Expired	<u>(1,042,855)</u>		0.35
Balance outstanding, December 31, 2023	150,000	\$	0.35
Balance exercisable, December 31, 2023	150,000	\$	0.35

Stock options outstanding as at December 31, 2023:

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

* Expired unexercised subsequent to year end.

As at December 31, 2023, the outstanding stock options had a weighted average remaining life of 0.57 (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 years ended December 31, 2021, 2022, and 2023.

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7. RESERVES (cont'd...)

Share-based payments

During the year ended December 31, 2023, the Company granted 50,000 (2022 – 100,000) stock options with a weighted average fair value of \$0.19 (2022 - \$0.23) per option. The Company recognized share-based payments expense of \$9,410 (2022 - \$165,890) for options granted and vesting during the year ended December 31, 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 year ended December 31, 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	-	-

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 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 - \$ 35,939) in the year ended December 31, 2023.

Warrants

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	-	\$ -
Granted	<u>42,440</u>	0.35
Balance, December 31, 2021, and December 31, 2022	42,440	\$ 0.35
Granted	84,000	0.60
Cancelled	<u>(84,000)</u>	0.60
Balance outstanding, December 31, 2023	42,440	\$ 0.35
Balance exercisable, December 31, 2023	<u>42,440</u>	\$ 0.35

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7. RESERVES (cont'd...)

Warrants (cont'd...)

Warrants outstanding as at December 31, 2023:

	Number outstanding	Number exercisable	Exercise price	Expiry date
Warrants	42,440	42,440	\$ 0.35	August 11, 2024

As at December 31, 2023, the outstanding warrants had a weighted average remaining life of 0.61 (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%.

8. 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:

Payments to key management personnel	For the year ended December 31, 2023	For the year ended December 31, 2022
Consulting fees	\$ 220,000	\$ 163,600
Director's fees	10,000	5,000
Accounting fees	46,000	32,500
Share-based payments	-	158,651

In the year ended December 31, 2022, the Company extended loans totaling \$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. The loan agreement was structured to allow the Company to 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 in the event of non-payment. However, this conversion has been prevented due to the intervention of the arbitration court in the settlement of Combia's financial matters. As at December 31, 2023, the total loan principal outstanding was \$87,262 (2022 - \$87,262) and total interest accrued on these loans was \$21,228 (2022 - \$8,139); however, the Company has been notified that Combia is commencing bankruptcy proceedings and has impaired the receivable by \$8,491 to reflect its estimated carrying amount.

The Transaction as detailed in Note 3 is a related party transaction. The loans payable detailed in Note 5 are due to a director and officer of the Company.

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9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 23% to income before income taxes. The reasons for the differences are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income before income tax	\$ (1,212,785)	\$ (968,391)
Statutory income tax rate	<u>23%</u>	<u>23%</u>
Expected income tax recovery	\$ (278,940)	\$ (222,730)
Permanent differences	7,216	53,483
Changes in benefits not recognized	<u>271,724</u>	<u>169,247</u>
Income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

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, 2023	December 31, 2022
Non-capital losses	\$ 2,714,000	\$ 1,457,000
Share issue costs	55,000	82,560
Resource Assets	<u>831,000</u>	<u>830,738</u>
Unrecognized deductible temporary differences	<u>\$ 3,600,000</u>	<u>\$ 2,370,298</u>

As at December 31, 2023, the Company has Canadian non-capital losses of \$2,714,000 (2022 - \$1,147,000) 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, 2043. The resource assets relate to Colombian activities.

10. FINANCE EXPENSE

	For the year ended December 31, 2023	For the year ended December 31, 2022
Accretion of equity feature	\$ 24,749	\$ -
Accretion of bonus warrants	8,617	-
Interest accrued on non-convertible loans	<u>14,595</u>	<u>-</u>
Total expense for the year	<u>\$ 47,961</u>	<u>\$ -</u>

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash, accounts receivables, loan receivable, accounts payable and loans payable 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 Company has impaired the asset to its estimated recoverable value (Note 8). The fair value of the loans payable and accrued interest are disclosed in Note 5.

Financial risk factors

Credit risk

The Company is exposed to credit risk relative to the liquidity of cash, amounting to \$20,656 at December 31, 2023 (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 December 31, 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 carrying amount of loan is recoverable as the debtor is in bankruptcy proceedings.

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, 2023, the Company had a working capital deficit of \$10,834 (2022 – capital of \$264,706). The Company’s financial obligations include accounts payable, which have contractual maturities of less than a year and the non-current convertible debentures which mature in fiscal 2025.

Interest rate risk

The Company’s financial asset exposed to interest rate risk consists of cash. At December 31, 2023, the Company maintained all of its cash balance on deposit with a major Canadian bank with no expectation of interest rate returns or impact. Interest-bearing debts are at fixed rates with the financial impact known at the time of execution.

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.

12. 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 \$4,283,695 (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 year ended December 31, 2023.