COLLECTIVE MINING

TSX:CNL | OTCQX:CNLMF | FSE:GG1

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of Collective Mining Ltd. (the “Company”) were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the annual consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors of the Company is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the annual consolidated financial statements together with other financial information. An Audit Committee, composed entirely of independent directors of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the annual consolidated financial statements together with other financial information ofthe Company, and the auditor’s report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the annual consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards and applicable laws and regulations, and for maintaining proper standardsof conduct for its activities.

(signed) Omar Ossma

Omar Ossma
Chief Executive Officer

(signed) Paul Begin

Paul Begin
Chief Financial Officer

Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
222 Bay Street, Suite 2200
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Shareholders of Collective Mining Ltd.

Opinion

We have audited the consolidated financial statements of Collective Mining Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year 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 its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 21, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis (the MD&A).

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

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

We obtained the MD&A 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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because 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 Michael Hawtin.

(signed) BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 28, 2024

COLLECTIVE MINING LTD.
Consolidated Statement of Financial Position
(All amounts expressed in U.S. Dollars, unless otherwise indicated)

As at	Note	December 31, 2023	December 31, 2022
		$	**$**
ASSETS			
Current assets:			
Cash and cash equivalents	15(a)	**14,166,196**	8,503,274
Receivables and prepaid expenses	6	**347,166**	340,302
		14,513,362	8,843,576
Non-current assets:			
Property, plant and equipment	7	**656,219**	493,576
Long-term VAT receivable	9	**1,799,497**	802,381
		2,455,716	1,295,957
Total assets		**16,969,078**	10,139,533
LIABILITIES AND EQUITY			
Current liabilities:			
Account payables and accrued liabilities		**2,488,257**	1,663,048
Warrants liability	10	**1,638,808**	1,462,126
Current portion of lease liability	11	**32,918**	31,538
		4,159,983	3,156,712
Non-current liabilities:			
Lease liability	11	**86,779**	45,073
		86,779	45,073
		4,246,762	3,201,785
Equity:			
Share capital	16	**53,972,765**	31,655,207
Contributed surplus		**14,159,006**	11,558,338
Deficit		**(55,409,455)**	(36,275,797)
		12,722,316	6,937,748
Total liabilities and equity		**16,969,078**	10,139,533

Commitments and contingencies	21
Subsequent events	22

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

Approved on behalf of the Board of Directors:

(signed) Ari Sussman — Director

(signed) Paul Murphy — Director

COLLECTIVE MINING LTD.
Consolidated Statement of Operations and Comprehensive Loss
(All amounts expressed in U.S. Dollars, unless otherwise indicated)

For the year ended	Note	December 31, 2023	December 31, 2022
		$	$
Expenses			
Exploration and evaluation	19(a)	**(14,114,631)**	(11,283,095)
General and administration	19(b)	**(5,306,170)**	(5,129,899)
		(19,420,801)	(16,412,994)
Other income (expenses)			
Revaluation of warrants liability	10(a),(c)	**(1,303,481)**	(489,499)
Foreign exchange gain (loss)		**1,000,415**	(438,092)
Other income (expense)		**424**	(49,921)
Net loss before finance items and income tax		**(19,723,443)**	(17,390,506)
Finance income (expense)			
Interest income		**668,145**	232,218
Finance costs	19(c)	**(78,360)**	(110,526)
Net loss before income tax		**(19,133,658)**	(17,268,814)
Income tax		**–**	–
Net loss and comprehensive loss		**(19,133,658)**	(17,268,814)
Basic and diluted loss per common share	17	**(0.33)**	(0.36)
Weighted average common shares outstanding, basic and diluted	17	**58,191,317**	48,470,352

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

COLLECTIVE MINING LTD.
Consolidated Statement of Cash Flows
(All amounts expressed in U.S. Dollars, unless otherwise indicated)

For the year ended	Note	December 31, 2023	December 31, 2022
		$	$
Cash flows from (used in) operating activities			
Net loss		**(19,133,658)**	(17,268,814)
Items not involving cash and cash equivalents:			
Revaluation of warrants liability		**1,303,480**	489,499
Finance costs expensed	19(c)	**21,792**	110,526
Foreign exchange (gain) loss		**(1,001,149)**	432,799
Share-based compensation	19(b)	**1,473,868**	2,165,150
Depreciation and amortization	19(a),(b)	**246,124**	212,282
Net changes in working capital items	20	**152,466**	(362,695)
		(16,937,077)	(14,221,253)
Cash flows from (used in) financing activities			
Cash proceeds from issuance of subscription units		**–**	7,890,716
Cash costs related to issuance of subscription units		**–**	(589,654)
Cash proceeds from issuance of shares	16	**21,882,311**	–
Cash costs related to issuance of shares		**(1,579,306)**	–
Financing costs paid		**–**	(82,901)
Cash proceeds from warrant exercises	16	**1,351,420**	–
Cash received from option exercises	16	**663,132**	134,680
Lease payments	11	**(54,442)**	(88,993)
		22,263,115	7,263,848
Cash flows from (used in) investing activities			
Acquisition of property, plant and equipment	7	**(353,506)**	(319,013)
		(353,506)	(319,013)
Net change in cash and cash equivalents during the period		**4,972,532**	(7,276,418)
Cash and cash equivalents, opening balance		**8,503,274**	16,308,805
Foreign exchange effect on cash balances		**690,390**	(529,113)
Cash and cash equivalents, end of period		**14,166,196**	8,503,274

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

COLLECTIVE MINING LTD.
Consolidated Statement of Changes in Equity
(All amounts expressed in U.S. Dollars, unless otherwise indicated)

	Note	Number of shares issued and outstanding	Share capital	Contributed surplus	Deficit	Total
			$	$	$	$
Balance January 1, 2023		**52,771,782**	**31,655,207**	**11,558,338**	**(36,275,796)**	**6,937,749**
Issuance of shares – Offering March 2023	16	**7,060,000**	**21,882,311**	**–**	**–**	**21,882,311**
Share issue costs	16	**–**	**(1,579,306)**	**–**	**–**	**(1,579,306)**
Exercise of warrants	16	**555,550**	**1,351,420**	**1,126,799**	**–**	**2,478,219**
Exercise of options	16,18	**847,574**	**663,133**	**–**	**–**	**663,133**
Share-based compensation	19(b)	**–**	**–**	**1,473,868**	**–**	**1,473,868**
Net loss for the period		**–**	**–**	**–**	**(19,133,658)**	**(19,133,658)**
Balance December 31, 2023		**61,234,906**	**53,972,765**	**14,159,005**	**(55,409,454)**	**12,722,316**
Balance January 1, 2022		47,386,715	25,192,092	9,393,189	(19,006,983)	15,578,298
Issuance of shares – Offering		4,783,400	7,890,716	–	–	7,890,716
Fair value of warrants issued		–	(972,627)	–	–	(972,627)
Exercise of options		601,667	134,680	–	–	134,680
Share-based compensation	19(b)	–	–	2,165,149	–	2,165,149
Share issue costs		–	(589,654)	–	–	(589,654)
Net loss for the period		–	–	–	(17,268,814)	(17,268,814)
Balance December 31, 2022		52,771,782	31,655,207	11,558,338	(36,275,797)	6,937,748

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

Tabular dollar amounts represent United States ("U.S.") dollars, unless otherwise shown. References to C$/CAD and COP are to Canadian dollars and Colombian pesos, respectively.

1. NATURE OF OPERATIONS

Collective Mining Ltd. ("CML") and its subsidiaries (collectively referred to as the "Company") are principally engaged in the acquisition, exploration and development of mineral properties located in Colombia. The Company principally carries on business through an Ontario corporation and a foreign company branch office in Colombia.

The Company's common shares began trading on the Toronto Stock Venture Exchange (the "TSXV") on May 20, 2021 under the symbol "CNL". On July 18, 2022, the Company's shares began trading on the OTCQX® Best Market under the symbol "CNLMF". Effective September 6, 2023, CML's common shares were voluntarily delisted from the TSXV and began trading on the Toronto Stock Exchange ("TSX") under their current stock symbol "CNL".

The registered office for CML is located at 82 Richmond St E 4th Floor Toronto, Ontario, Canada.

To date, the Company has not generated any revenue from mining or other operations as it is considered to be in the exploration stage.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), effective for the year ended December 31, 2023, applicable to companies reporting under IFRS, and have been consistently applied unless otherwise indicated.

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on March 27, 2024.

Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities, which are measured at fair value.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. Any remaining interest in the entity is re-measured to fair value on the date when control is lost, with the change in carrying amount recognized in profit or loss.

The principal wholly owned subsidiaries of the Company, their activities, and their geographic locations as at December 31, 2023 were as follows:

Name	Country of incorporation	Nature of business
Collective Mining Limited	Bermuda	Exploration
Minerales Provenza SAS	Colombia	Intermediate holding company
Minera Campana SAS	Colombia	Exploration

Intercompany transactions, balances and unrealized gains and losses on transactions between group entities are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

Functional and Reporting Currency

The functional currency of the Company and its subsidiaries is the U.S. dollar. Functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”). All financial information in these consolidated financial statements has been presented in U.S. dollars, except when otherwise indicated.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management’s best knowledge of the relevant facts and circumstances, taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively. Information about critical judgements and estimates, assumptions and other sources of estimation uncertainty as at December 31, 2023 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are as follows:

Critical Judgements

(a) Functional currency:

Management is required to assess the functional currency of each entity of the Company. In concluding the functional currencies of the parent and its subsidiary companies, management considered the currency that both mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates and in which a significant portion of costs are denominated or contracted. While the local currency generally influences the goods and services received in each jurisdiction in which the Company operates, a significant portion of the Company’s costs are denominated, negotiated and/or contracted in U.S. dollars, the majority of which relate to exploration activities. As a result, the Company also considered secondary indicators including the currency in which funds from financing activities are retained by the parent to fund subsidiary operations.

(b) Long-term VAT Receivable:

The company recognizes a long-term VAT receivable on purchases and expenses in the period in which the underlying transaction occurs. VAT incurred on purchases and expenses related to taxable activities is recorded as part of the relevant expense and included in the total long-term VAT receivable.

The company adheres to the VAT recovery regulations set forth by the Colombian tax authority, the Dirección de Impuestos y Aduanas Nacionales (DIAN). The VAT receivable is recognized based on the principles of causality, proportional deduction, and compliance with documentary requirements as stipulated by Colombian tax laws. The recovery of the VAT receivable is subject to meeting the requirements for deductibility, including the possession of valid VAT invoices or equivalent documents issued by registered suppliers. The company regularly assesses its VAT positions and ensures compliance with relevant tax laws and regulations.

In estimating the recovery of VAT receivable, the company considers various factors such as the growth projections of its taxable activities, changes in business operations, and potential adjustments in VAT legislation. These estimates are inherently subjective and involve significant management judgment. They are based on management's historical experience, current trends, and expectations of future economic conditions.

Critical Estimates

(c) Warrants and share-based compensation:

The Company issues common share purchase warrants as part of unit placements in equity financing raises and also provides compensation benefits to employees, consultants, directors and officers through a stock option plan. The fair value of each warrant or option award is estimated using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of comparable companies and the company's own volatility. The risk-free rate for the expected term of the warrant or option is based on the Government of Canada yield curve in effect at the time of issue or grant. Management judgement is utilized to estimate option forfeiture behaviour with the valuation model in respect of options.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the period-end exchange rate. Non-monetary items which are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the initial recognition of the transaction. Revenue, expense items and property, plant and equipment are translated using the rate at the date of the transaction, except for depreciation and amortization, which are translated at historic rates.

(b) Financial instruments

Measurement – Initial Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities. Management determines the classification on initial recognition.

Financial Assets

Financial assets are classified and measured at FVTPL, fair value through other comprehensive income ("FVOCI"), or amortized cost, as appropriate. The classification depends on the purpose for which the financial assets were acquired.

Financial assets are classified as FVTPL when the financial asset is either held for trading or is designated as FVTPL. Realized and unrealized gains and losses arising from changes in fair value are recognized in profit or loss.

Financial assets classified as FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election on initial recognition to measure the assets at FVOCI. The Company currently has no financial assets classified as FVOCI.

Financial assets at amortized cost are non-derivative financial assets that are held for collection of contractual cash flows, where those cash flows represent repayments of principal and interest.

The Company's cash and cash equivalents and receivables are classified as financial assets at amortized cost.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements.

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has elected to measure the financial liability at FVTPL.

The Company's accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as proceeds received, net of direct issue costs.

Derivatives

Derivative assets and liabilities include derivative financial instruments that do not qualify as hedges or are not designated as hedges and are classified as FVTPL.

Warrants Liability

From time to time, the Company has common share purchase warrants denominated in Canadian dollars, which are classified as derivative financial liabilities, presented as warrants liability and measured at fair value until the instruments are exercised or extinguished ("Warrants"). Fair value of exercised warrants is transferred to contributed surplus at the exercise date. Warrants that expire unexercised are considered extinguished. Gains or losses on extinguishment are recognized in profit or loss. Proceeds from unit placements are allocated between shares and Warrants issued on the residual fair value method to the shares within the unit. Fair value for the Warrants is determined using the Black-Scholes option pricing model. Incremental costs directly attributable to unit placements, including the value of any additional units issued to eligible finders of the unit placements ("Finders' Units"), are allocated on a pro-rata basis between shares and Warrants, with the portion allocated to Warrants recognized as an expense in the statement of operations and comprehensive loss. Any gain or loss arising from the revaluation of a Warrant, except for finders' warrants, is recognized in profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or are transferred or when the Company no longer retains substantially all the risks and rewards of ownership. On derecognition, the difference between the carrying amount measured at the date of derecognition and consideration received is recognized in profit or loss, except for financial assets at FVOCI, for which the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand or on deposit with banks, short-term investments which are readily convertible into cash or which have maturities of 90 days or less.

(d) VAT Receivable

The company recognizes a long-term VAT receivable on purchases and expenses in the period in which the underlying transaction occurs. VAT incurred on purchases and expenses related to taxable activities is recorded as part of the relevant expense and included in the total long-term VAT receivable.

The recovery of the VAT receivable is subject to meeting the requirements for deductibility, including the possession of valid VAT invoices or equivalent documents issued by registered suppliers. The company regularly assesses its VAT positions and ensures compliance with relevant tax laws and regulations.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of an asset begins when it is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of each asset is calculated using the straight-line method or units of production, as appropriate, to allocate its cost less its residual value over its estimated useful life, as follows:

Buildings and facilities	10-30 years
Computer equipment	3 years
Exploration equipment and structures	5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of operations and comprehensive loss.

(f) Exploration and evaluation expenditures, mineral interests and mineral development costs

Exploration and evaluation expenditures relate to those activities involving the search for mineral deposits with economic potential, the process of obtaining more information about existing mineral deposits, the determination of technical feasibility and the assessment of commercial viability of a mineral interest.

The Company expenses all exploration and evaluation expenditures, including all expenditures incurred under option agreements, within an area of interest until management determines the mineral interest to be technically feasible and commercially viable.

Technical feasibility and commercial viability of a mineral interest generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors, including, but not limited to the status of environmental permit applications and the status of mining leases or permits. Upon demonstrating technical feasibility and commercial viability, all subsequent costs directly relating to the development and advancement of the related mineral interest are capitalized as mineral development costs within properties, plant and equipment.

(g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are classified within property, plant and equipment in the consolidated statement of financial position.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. Interest recognized on the consolidated statement of operations and comprehensive loss is classified as a financing cost.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero upon remeasurement of the liability.

(h) Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk- free rate.

(i) Share capital and contributed surplus

Share capital

Amounts received for the issuance of shares are recognized as an increase in share capital, including amounts received upon exercise of options or warrants. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Proceeds from unit placements are allocated between shares and warrants issued on the residual fair value method to the shares within the unit and using the Black-Scholes option pricing model to determine fair value for the warrants. Incremental costs directly attributable to unit placements, including the value of any Finders' Units issued, are allocated on a pro-rata basis between shares and warrants, with the portion allocated to shares recognized as a deduction from share capital.

Contributed surplus

Additional capital contributions received with no corresponding issuance of shares are recognized as contributed surplus. Upon exercise of Warrants, the fair value of the Warrants on the date of exercise are recognized in contributed surplus.

Contributed surplus – warrants reserve

Any warrants issued as part of Finders' Units ("Finders' Warrants") are valued on the date on which service was received, included in incremental costs attributable to unit placements, allocated between shares and warrants accordingly and classified as warrants reserve, a component of contributed surplus. Subsequent to issue Finders' Warrants are not revalued.

Contributed surplus – share-based payments

The Company has a stock option plan for its employees, directors and other eligible participants ("Participants").

Stock options are granted to Participants to purchase common shares at a price determined at the time of grant. Fair value for stock options granted is determined on grant date using the Black-Scholes option-pricing model. Share-based compensation expense is recorded over the period the options vest, with a corresponding increase to contributed surplus. The Company issues new common shares to satisfy stock option exercises, with the proceeds received, net of any directly attributable transaction costs, credited to share capital.

(j) Share-based payments

The Company has a stock option plan for its employees, directors and other eligible participants ("Participants").

Stock options are granted to Participants to purchase common shares at a price determined at the time of grant. Fair value for stock options granted is recognized on a graded vesting method of amortization over the period during which the employee becomes entitled to exercise these equity instruments. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest and the share-based compensation expense is recorded, with a corresponding increase to contributed surplus.

(k) Loss per share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. The treasury stock method calculates the dilutive effect of share options assuming that the proceeds to be received on the exercise of share options are applied to repurchase common shares at the average market price of the period.

(l) Income taxes

Current income taxes are recognized for the estimated income taxes payable or recoverable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities. Deferred income tax assets and liabilities are measured using substantially enacted tax rates that apply for the years in which the temporary differences are expected to be recovered or settled. Deferred income tax assets are recognized to the extent that it is probable that the asset will be realized.

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

5. NEW ACCOUNTING STANDARDS

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2024, with early adoption permitted, and have not been applied in preparing these consolidated financial statements.

(a) IAS 1, Presentation of Financial Statements ("IAS 1") was amended to clarify the classification of liabilities between current and noncurrent to be based on the rights that exist at the end of the reporting period and that such classification is unaffected by the expectations of the entity or events after the reporting date. The changes must be applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") and are effective on or after January 1, 2024, with early adoption permitted.

For those effective January 1, 2024, the Company does not plan to early adopt, and does not expect material impact.

6. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaid expenses are made up of the following:

As at	**December 31, 2023**	December 31, 2022
	$	$
Prepaid expenses	**280,616**	266,325
Advance to suppliers	**48,179**	31,201
Other receivables (a)	**18,371**	42,776
	347,166	340,302

(a) Other receivables

Included in other receivables is $18,371 (December 31, 2022 – $42,776) of Harmonized Sales Tax ("HST") refund receivable in Canada.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and Equipment consist of the following:

	Land and Buildings	**Exploration Equipment and structures**	**Computer Equipment**	**Leasehold Improvement**	**Right of use assets (a)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Opening net book value, January 1, 2023	**–**	**193,363**	**86,281**	**121,103**	**92,829**	**493,576**
Additions	**65,876**	**222,387**	**41,343**	**23,900**	**119,850**	**473,356**
Cancellation	**–**	**–**	**–**	**–**	**(64,589)**	**(64,589)**
Depreciation (b)	**(3,801)**	**(80,317)**	**(62,988)**	**(57,462)**	**(41,556)**	**(246,124)**
Net book value, December 31, 2023	**62,075**	**335,433**	**64,636**	**87,541**	**106,534**	**656,219**
Balance, December 31, 2023						
Cost	**65,876**	**472,243**	**190,563**	**219,809**	**119,850**	**1,068,341**
Accumulated depreciation	**(3,801)**	**(136,810)**	**(125,927)**	**(132,268)**	**(13,316)**	**(412,122)**
Net book value	**62,075**	**335,433**	**64,636**	**87,541**	**106,534**	**656,219**

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

	Exploration Equipment and structures	Computer Equipment	Leasehold Improvement	Right of use assets - ROU (a)	Total
	$	$	$	$	$
Opening net book value, January 1, 2022	73,398	70,735	81,270	118,346	343,749
Additions	159,230	57,095	102,685	84,633	403,643
Changes in ROU (interest rate and inflation)	–	–	–	3,760	3,760
Disposals and write-downs	–	–	–	(45,294)	(45,294)
Depreciation (b)	(39,265)	(41,549)	(62,852)	(68,616)	(212,282)
Net book value, December 31, 2022	193,363	86,281	121,103	92,829	493,576
Balance, December 31, 2022					
Cost	249,854	149,221	195,911	139,784	734,770
Accumulated depreciation	(56,491)	(62,940)	(74,808)	(46,955)	(241,194)
Net book value	193,363	86,281	121,103	92,829	493,576

(a) Right of use assets

Right of use assets as at December 31, 2023, are comprised of a warehouse lease with an initial term of 3 years plus an extension for an additional term of 1 year. The value of additions is determined as the present value of lease payments at the inception of the lease (see Note 11).

(b) Depreciation

Depreciation expense for the year ended December, 31 2023 of $223,694 and $22,430, respectively (December 31, 2022 - $203,473 and $8,809 respectively), was recognized within exploration and evaluation expenses and general and administration expenses in the consolidated statement of operations and comprehensive loss (See Note 19(a),(b)).

8. MINERAL INTERESTS

(a) Guayabales Project

The Guayabales project is comprised of exploration applications, exploration titles and three option agreements. The Guayabales Project is located in the Middle Cauca belt in the Department of Caldas, Colombia.

The Company entered into two option agreements (the “First Guayabales Option” and the “Second Guayabales Option”) with third parties to explore, develop and acquire property within the Guayabales Project.

In October 2023, the Company secured option agreements to purchase surface rights for a four-year period (see Note 21).

Details of the two first option agreements are as follows:

i. First Guayabales Option

On June 24, 2020, the Company entered into the First Guayabales Option. The terms of the agreement are as follows:

Phase 1:

The Company must incur a minimum of $3,000,000 of exploration and evaluation expenditures in respect of such property within the First Guayabales Option and total option payments of $2,000,000 over a maximum four-year term ending on or before June 24, 2024, to proceed to Phase 2 of the agreement.

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

Phase 2:

To acquire a 90% interest in the property within the First Guayabales Option, the Company must incur a minimum of $10,000,000 of exploration and evaluation expenditures in respect of such property and total option payments $2,000,000, payable in equal instalments of $166,666 semi-annually over a maximum six-year term, commencing at the end of Phase 1.

Phase 3:

To acquire the remaining 10% interest in the property within the First Guayabales Option, the Company has the following options:

- provide notice that the Company has elected to pay a 1% NSR commencing on the first calendar day of each month after 85% of the processing plant capacity has been achieved in exchange for the remaining 10% interest;
- acquire 0.625% each year to a total of 10% by paying $250,000 semi-annually, commencing at the end of Phase 2, to a total of $8,000,000 in lieu of the NSR; or
- pay a one-time payment of $8,000,000 in lieu of the NSR.

In addition, the Company is required to fund and complete all development and construction activities to bring the project to commercial production.

Summary:

The following is a summary of the option payments and exploration expenditures required to acquire 100% of the property under the First Guayabales Option:

		Option Payments	**Exploration Expenditures**	**Total**
		$	**$**	**$**
Phase 1	June 24, 2020 – June 24, 2024	2,000,000	3,000,000	5,000,000
Phase 2	June 24, 2024 – June 24, 2030	2,000,000	10,000,000	12,000,000
Phase 3	To commercial production	8,000,000[1]	–	8,000,000
		12,000,000	13,000,000	25,000,000

1 Based on the assumption that the Company does not elect to pay the NSR.

The Company has the option to terminate the agreement at any time, upon notification to the optionor. As a result, the Company has not recognized any option payments payable in the future under the agreement in the consolidated statement of financial position.

For the year ended December 31, 2023, the Company has recognized $9,164,527 (year ended December 31, 2022 – $6,255,358), including option payments of $500,000 (year ended December 31, 2022 –$400,000), as exploration and evaluation expense in the consolidated statement of operations in respect of the First Guayabales Option.

As at December 31, 2023, and from inception of the agreement, the Company has recognized a total of $19,795,710 as exploration and evaluation expenditures in respect of the minimum expenditures required under the Option agreement and has made total option payments of $1,750,000 required within the agreement.

ii. Second Guayabales Option

On January 4, 2021, the Company entered into the Second Guayabales Option. The terms of the agreement are as follows:

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

Phase 1:

The option agreement provides the Company the right to explore the property within the Second Guayabales Option over a four-year term, expiring on January 2, 2025, for total payments over the term of the agreement of $1,750,000.

Phase 2:

The option agreement provides the Company the right to explore the property within the Second Guayabales Option over a second four-year term between January 2, 2025 to January 2, 2029 for total payments over the term of $1,000,000.

Phase 3:

Upon completion of Phase 2, the Company is required to pay a total of $4,300,000 over a two-year period ending on January 2, 2031 to acquire 100 percent of the property within the Second Guayabales Option.

Summary:

The following is a summary of the option payments to acquire the property under the Second Guayabales Option:

	$
Total Phase 1	1,750,000
Total Phase 2	1,000,000
Total Phase 3	4,300,000
	7,050,000

The Company has the option to terminate the agreement at any time, upon notification to the optionor.

For the year ended December 31, 2023, the Company has recognized $nil (year ended December 31, 2023 – $263,673), including option payments of $nil (year ended December 31, 2022 – $250,000), as exploration and evaluation expense in the annual consolidated statement of operations in respect of Phase I of the Second Guayabales Option.

iii. Surface Rights Agreements

On October 17, 2023, the Company entered into two option agreements with third parties to acquire surface rights over a four-year period. These option agreements replace and supersede the previous option agreements to acquire surface rights. The option agreements provide the Company the right to explore and acquire the property over a four-year term, expiring on April 30, 2027, for total payments over the term of the agreements of $4,400,000.

The Company has the option to terminate the agreement at any time, upon notification to the optionor.

For the year ended December 31, 2023, the Company has recognized option payments of $600,000 (year ended December 31, 2022 – $nil), as exploration and evaluation expense in the annual consolidated statement of operations.

(b) San Antonio Project

On July 9, 2020, the Company entered into an option agreement with a third party to acquire the San Antonio Project. The San Antonio project is located approximately 80 kilometres south of Medellín. It is situated in the Middle Cauca belt in the Department of Caldas, Colombia.

The option agreement provides the Company the right to explore, develop and acquire the property over a seven-year term, expiring on July 9, 2027, for total payments over the term of the agreement of $2,500,000. The Company has the option to pay an additional $2,500,000 to the optionor upon reaching commercial production in exchange for the 1.5% NSR on the property that would otherwise be payable to the optionor.

The exploration and development program, including the amount of expenditures, is at the sole discretion of the Company during the term of the agreement.

For the year ended December 31, 2023, the Company has recognized a total of $310,633 (year ended December 31, 2022 – $392,046), including option payments of $150,000 (year ended December 31, 2022 – $100,000) as exploration and evaluation expense in the annual consolidated statement of operations and comprehensive loss.

As the Company has the option to terminate the agreement at any time, upon notification to the optionor, the Company has not recognized any option payments payable in the future under the agreement in its consolidated statement of financial position.

9. LONG-TERM VAT RECEIVABLE

Long-term receivable represents value added taxes in respect of exploration activities that will be recovered when the related project commences production.

10. WARRANTS LIABILITY

The following represents warrants denominated in Canadian dollars and classified as derivative financial liabilities:

	December 31, 2023		December 31, 2022	
	Number of warrants	**$**	Number of warrants	$
Opening balance	**2,391,700**	**1,462,126**	–	–
Subscription Warrants issued (a)	**–**	**–**	2,391,700	972,627
Warrants exercised	**(555,550)**	**(1,126,799)**	–	–
Fair value revaluation of warrants liability (a)	**–**	**1,303,481**	–	489,499
Balance, end of period	**1,836,150**	**1,638,808**	2,391,700	1,462,126

Subscription Warrants

On October 25, 2022, the Company closed a Bought Deal Offering (the “October 2022 Offering”) of C$10,762,650 ($7,890,716), conducted by a syndicate of underwriters, and consisted of the sale of 4,783,400 Units at a price of C$2.25 per Unit.

Each Unit consisted of one common share of CML and one-half share purchase warrant of CML (each whole warrant, a “Subscription Warrant”). Each Subscription Warrant has an exercise price of C$3.25 with an expiry date on April 25, 2024.

The Warrants are classified as derivative financial liabilities as they are denominated in Canadian dollars and the Company’s functional currency is the US dollar. Proceeds from the October 2022 Offering are allocated between Common Shares and Subscription Warrants based on the residual fair value method within the unit.

The issue date fair value of the Warrants was determined to be C$0.55 per warrant with the resulting allocation of the total proceeds for the October 2022 Offering being:

	C$	**$**
Warrants liability – Subscription Warrants	1,326,628	972,627
Share capital – Subscription Shares	9,436,022	6,918,089
Total gross proceeds	**10,762,650**	**7,890,716**

For the year ended December 31, 2023, the Company recognized a derivative loss of $1,303,481 (year ended December 31, 2022 – derivative loss of $489,499) in the annual consolidated statement of operations and comprehensive loss for the revaluation of the Warrants.

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

Fair value for the Subscription Warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions as at December 31, 2023:

Weighted average share price	C$4.23
Weighted average risk-free interest rate	3.90%
Weighted average dividend yield	Nil
Weighted average stock price volatility	63%
Weighted average period to expiry (years)	0.32

11. LEASE LIABILITIES

As at	**December 31, 2023**	December 31, 2022
	$	$
Opening balance	**76,611**	121,654
New leases during the period	**119,850**	84,633
Termination of lease agreement	**(62,860)**	(45,222)
Lease payments	**(54,442)**	(88,993)
Changes in liability (interest rate and inflation)	**–**	(1,608)
Interest accretion expense	**21,792**	27,625
Foreign exchange	**18,746**	(21,478)
Balance, end of period	**119,697**	76,611
Current portion	**(32,918)**	(31,538)
Long-term portion	**86,779**	45,073

The lease liabilities were measured on inception of the lease at the present value of the lease payments over the lease term, discounted using a weighted average discount rate of 30.54%, based on the Company's incremental borrowing rate.

Interest accretion expense or amortization of the discount on the lease liability is charged to the consolidated statement of operations and comprehensive loss using the effective interest method.

For the year ended December 31, 2023, the Company made lease payments of $105,115 (year ended December 31, 2022 – $63,886) for contracts with terms of 12 months or less and which were recognized as lease expense within exploration and evaluation expenses.

12. INCOME TAXES

The Company is incorporated in Ontario, Canada and is subject to income taxes at a combined federal and provincial statutory rate as at December 31, 2023 and 2022 of 26.5%. The tax on the Company's net income (loss) before tax differs from the amount that would arise using the tax rate applicable to the Company as follows:

As at	**December 31, 2023**	December 31, 2022
		$
Net loss before income taxes	**(19,133,658)**	(17,268,814)
Expected income tax recovery	**(5,070,420)**	(4,576,236)
Foreign tax rates differences	**312,514**	(455,870)
Non-deductible items	**680,726**	875,604
Adjustments in respect of prior years	**(45,055)**	169,929
	(4,122,235)	(3,986,573)
Change in unrecognised deferred tax assets	**4,122,235**	3,986,573
Income tax expense (recovery)	**–**	–

The Company and its subsidiaries have not generated any taxable profit in 2023 and 2022. As the Company is in the exploration stage, it is not probable that any tax benefit from available tax losses and tax assets will be realized in the future and therefore, the Company has not recognized their effect in the consolidated statements as at December 31, 2023.

Tax losses and tax assets available in Canada and Colombia to reduce income taxes payable in the future, for which the effect has not been recognized in the consolidated financial statements as at December 31, 2023 are as follows:

As at	December 31, 2023	Expiry Date	December 31, 2022	Expiry date
	$		$	
Tax loss – Colombia	32,438,838	2024-2035	17,098,434	2023-2034
Fixed and intangible assets – Colombia	722,482	2024-2033	486,184	2023-2032
Tax loss – Canada	7,149,449	2024-2043	3,651,431	2023-2042
Transaction costs - Canada	177,233	No expiry	209,677	No expiry
Financing costs – Canada	1,843,299	No expiry	672,554	No expiry

Underlying tax losses and tax assets in Colombia are denominated in Colombian pesos.

13. RELATED PARTY TRANSACTIONS

Related parties include management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Compensation of key management personnel

Key management includes independent directors, the executive chairman of the board of directors (the “Chairman”), the president and chief executive officer (“CEO”) and the chief financial officer (“CFO”). The remuneration of members of key management personnel were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Management salaries and benefits	1,334,590	1,080,055
Share-based payments	407,115	530,020
	1,741,705	1,610,075

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company.

14. FINANCIAL INSTRUMENTS

Financial Instrument Disclosures

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

Fair value measurement

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

Fair value measurement is determined based on the fair value hierarchy 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 (that is, as prices) or indirectly (that is, derived from prices); and

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying values for financial assets and liabilities for cash and cash equivalents, accounts payable and accrued liabilities approximate their fair values as at December 31, 2023.

Other financial liabilities as at December 31, 2023 (December 31, 2022 – $1,462,126) were as follows:

As at December 31, 2023	FVTPL	FVOCI	Amortized Cost	Total
	$	$	$	$
Financial liabilities				
Warrants liability (level 2)	**1,638,808**	**–**	**–**	**1,638,808**

There were no transfers between the fair value hierarchy during the year ended December 31, 2023.

15. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Financial Risk Management

The Company's activities expose it to a variety of financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Risk management is carried out by the Company's management with guidance from and policies approved by the Board of Directors.

Financial Risk Factors

Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in currency that is not the entity's functional currency. The Company's functional currency is the U.S. dollar. The Company conducts some of its operating, financing and investing activities in currencies other than the U.S. dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the U.S. dollar. The Company does not use derivative instruments to hedge exposure to foreign exchange risk.

At year end the exchange rate was COP:US$ 3,822.05 based on Banco de la Republica - Colombia (COP:US$ 4,810.20 in 2022), and COP:US$ 4,325.05 was the average in 2023 (COP:US$ 4,255.44 was the average in 2022).

At year end the exchange rate was CAD:US$ 0.7561 based on Bank of Canada (CAD:US$ 0.7383 in 2022), and CAD:US$ 0.7402 was the average in 2023 (CAD:US$ 0.7383 was the average in 2022).

The Company had the following foreign currency balances:

As at December 31, 2023	**Foreign Currency**	**Foreign Balance**	**$**
Cash and cash equivalents	COP (000's)	**1,380,749**	**361,259**
Cash and cash equivalents	CAD	**13,041,560**	**9,860,548**
Receivables	COP (000's)	**698,996**	**182,885**
Long-Term VAT Receivable	COP (000's)	**6,877,768**	**1,799,497**
Receivables	CAD	**24,298**	**18,371**
Accounts payable and accrued liabilities	COP (000's)	**(5,973,328)**	**(1,562,860)**
Accounts payable and accrued liabilities	CAD	**(208,325)**	**(157,512)**
Warrants liability	CAD	**(2,167,487)**	**(1,638,808)**
Lease liability	COP (000's)	**(457,494)**	**(119,698)**
As at December 31, 2022	Foreign Currency	Foreign Balance	$
Cash and cash equivalents	COP (000's)	24,360,600	5,064,363
Cash and cash equivalents	CAD	2,802,646	2,069,290
Receivables	COP (000's)	4,852,621	1,008,819
Receivables	CAD	57,936	42,776
Accounts payable and accrued liabilities	COP (000's)	(4,532,318)	(942,231)
Accounts payable and accrued liabilities	CAD	(127,509)	(94,144)
Warrants liability	CAD	(1,980,303)	(1,462,126)
Lease liability	COP (000's)	(368,515)	(76,611)

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from its properties. The majority of the Company's cash and cash equivalents are held with banks in Canada and Colombia. Funds held in banks in Colombia are limited to yearly forecasted Colombian denominated expenses. The Company limits material counterparty credit risk on these assets by dealing with financial institutions with credit ratings of at least "A" or equivalent, or those which have been otherwise approved. Receivables mainly consist of receivables for refundable commodity taxes in Canada and Colombia. Management believes that the credit risk concentration with respect to remaining amounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company manages its liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated investing and financing activities.

As at December 31, 2023, the cash balance was $14,166,196, additionally on March 4, 2024, the Company closed a non-brokered private placement for a total of $13,925,729 (C$18,900,000). However, the cash balance is not sufficient to meet all of its future obligations in respect of the option contracts in Note 21if the Company elects to exercise all its options in respect of all the contracts. Thus, continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from existing shareholders and/or new shareholders or through other arrangements, complete sufficient public equity financing, or generate profitable operations in the future.

Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. The Company's cash balances are not subject to significant interest rate risk as balances are current.

(b) Capital Management

The Company manages its capital to maintain its ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral interests. The Company mainly relies on equity issuances to raise new capital. The capital structure of the Company includes the components of equity as well as cash and cash equivalents.

On November 10, 2021, the Company filed a short form base shelf prospectus which will allow the Company to issue common shares, warrants, subscriptions receipts, units of debt securities among others for up to an aggregate total of C$100,000,000. The initial base shelf prospectus was effective until December 2023.

In connection with the initial base shelf prospectus:

- On October 25, 2022, the Company closed the October 2022 Offering for a total of $7,891,000 (C$10,763,000) which consisted of the sale of 4,783,400 units at a price of C$2.25 per unit (See Note 8(a)).
- On March 22, 2023, the Company closed the March 2023 Offering for a total of $21,882,311 (C$30,005,000) which consisted of the sale of 7,060,000 shares at a price of C$4.25 per share.

On December 6, 2023, the Company filed a new short form base shelf prospectus which will allow the Company to issue common shares, warrants, subscriptions receipts, units or debt securities, or a combination thereof up to an aggregate total of C$200,000,000. The new base shelf prospectus replaces the one approved on November 10, 2021 and remains effective until January 2026.

The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company maintains its cash in highly liquid short-term deposits which can be liquidated immediately without interest or penalty.

The Company’s overall strategy with respect to capital risk management has remained consistent for the year ended December 31, 2023.

16. SHARE CAPITAL

(a) Authorized

Authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

(b) Issued

During the years ended December 31, 2023 and 2022, the Company issued shares resulting from the following transactions:

2023 Transactions

i. On March 22, 2023, the Company issued 7,060,000 common shares, at a price of C$4.25 per share, resulting from the closing of a Bought Deal Offering (the “March 2023 Offering”) for a total of $21,882,311 (C$30,005,000). Share issue costs of $1,579,306 were cash based and were recognized as a reduction in share capital.

ii. The Company issued 847,574 common shares resulting from the exercise of stock options (See Note 18).

iii. The Company issued 555,550 common shares resulting from the exercise of warrants (See Note 10).

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

2022 Transactions

iv. The Company issued 601,667 common shares resulting from the exercise of stock options (See Note 20).

v. On October 25, 2022, the Company issued 4,783,400 common shares upon closing of a Bought Deal Offering (the "October 2022 Offering"). Proceeds from the October 2022 Offering of C$10,763,000 ($7,890,716) were allocated between Common Shares and Warrants on a pro-rata basis of their fair value within the unit of which $6,918,089 was allocated to Common Shares (See Note 11(a)). Common Share issue costs of $589,654 (See Note 11(b)) were recognized as a reduction in share capital.

17. EARNINGS PER SHARE

(a) Basic

Basic earnings (loss) per share are calculated by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net loss	**$ (19,133,658)**	$ (17,268,814)
Weighted average number of common shares outstanding	**58,191,317**	48,470,352
Basic net loss per common share	**$ (0.33)**	$ (0.36)

(b) Diluted

The Company incurred a net loss for the year ended December 31, 2023 and December 31, 2022; therefore, all outstanding stock options and share warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

18. SHARE BASED PAYMENTS

The Company adopted a stock option plan (the "Plan") pursuant to the Securities Act of Ontario (the "Act"). The aggregate maximum number of shares reserved for issuance under the Plan and all other security-based compensation arrangements (together "Share Compensation Arrangements") at any given time is 10% of the Company's issued and outstanding shares as at the date of the grant of the Share Compensation Arrangement. Any shares subject to a stock option under the Plan which have been exercised, cancelled, repurchased, expired or terminated in accordance with the Plan will again be available under the Plan.

Under the Plan, the Company may grant to directors, officers, employees, and consultants stock options to purchase common shares of the Company. Stock options granted under the Plan will be for a term not to exceed 10 years.

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

The continuity of stock options during the period were as follows:

	2023		2022	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		C$		C$
Outstanding, beginning of period	**4,019,167**	**2.25**	3,798,750	1.78
Granted	**1,205,000**	**4.44**	965,000	2.86
Exercised	**(847,574)**	**(1.06)**	(601,667)	(0.29)
Forfeited	**(199,376)**	**(2.63)**	(142,916)	(2.23)
Outstanding, December 31	**4,177,217**	**3.10**	4,019,167	2.25

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2023:

	Options Outstanding			Options Exercisable		
Range of Price (C$)	Number of Options Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)
\$0.60 – \$1.00	576,667	0.39	1.00	576,667	0.39	1.00
\$2.00 – \$3.00	2,253,050	3.31	2.87	1,823,050	3.15	2.88
\$3.01 – \$4.00	142,500	2.60	3.95	140,000	2.58	3.96
\$4.01 – \$7.00	1,205,000	4.86	4.44	38,750	4.34	6.20
	4,177,217	**3.33**	**3.10**	**2,578,467**	**2.52**	**2.57**

Options outstanding as at December 31, 2023 have vesting terms of every six or eight months over a two or three year period and have terms of three to five years.

The following is a summary of the stock options granted during the period, the fair values and the assumptions used in the Black-Scholes option pricing formula:

For the twelve months ended December 31	**2023**	2022
Number of options granted	**1,205,000**	965,000
Weighted average share price on grant date	**C\$4.44**	C\$2.86
Weighted average risk-free interest rate	**3.68%**	3.28%
Weighted average dividend yield	**Nil**	Nil
Weighted average stock price volatility, based on historical volatility for comparable companies	**63%**	87%
Weighted average period to expiry (years)	**3.4**	3.1
Weighted average grant date fair value per share	**\$1.5**	\$2.1

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

19. EXPENSES BY NATURE

(a) Exploration and evaluation

Exploration and evaluation expense is made up of the following:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Drilling services	**5,039,861**	3,709,223
Assaying	**2,017,051**	1,579,362
Salaries and benefits	**1,890,277**	1,409,523
Field costs, surveys and other	**1,107,011**	1,282,307
Option payments and fees (i)	**1,482,235**	1,245,277
Consulting and professional fees	**907,290**	448,661
Transportation and meals	**767,690**	666,778
Communities	**305,420**	391,062
Security	**303,767**	171,530
Depreciation and amortization	**223,694**	203,473
Geophysics	**70,335**	175,899
	14,114,631	11,283,095

i. Includes total option payments in respect of option agreements for the year ended December 31, 2023, of $1,250,000, (year ended December 31, 2022 – $850,000).

(b) General and administration

General and administration expense is made up of the following:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Salaries and benefits	**1,984,299**	1,521,941
Share-based compensation	**1,473,869**	2,165,149
Travel and entertainment	**556,113**	262,459
Consulting and professional fees	**497,627**	572,417
Office administration	**303,224**	246,764
Regulatory and compliance fees	**247,588**	126,814
Investor relations	**191,187**	215,546
Directors' fees and expenses	**29,833**	10,000
Depreciation and amortization	**22,430**	8,809
	5,306,170	5,129,899

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

(c) Finance costs

Finance costs are made up of the following:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Finance issue expense (i)	–	82,901
Interest accretion expense (ii)	**21,792**	27,625
Other finance expenses	**56,568**	–
	78,360	110,526

i. Represents the portion of the Offering and Private Placement financing costs allocated to the Subscription Warrants.

ii. Interest accretion expense or amortization of the discount is in respect of the lease liability, representing also the interest portion of lease payments (See Note 11)

20. CASH FLOW INFORMATION

Operating Activities

Net changes in working capital items:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Receivables and prepaid expenses	**(1,003,980)**	(568,804)
Accounts payables and accrued liabilities	**1,156,446**	206,109
	152,466	(362,695)

21. COMMITMENTS, OPTION AGREEMENTS AND CONTINGENCIES

Commitments

As at December 31, 2023, the Company had the following contractual commitments and obligations:

	Total	**Less than 1 Year**	**Years 2 – 5**	**After 5 Years**
	$	**$**	**$**	**$**
Other lease commitments (a)	153,940	153,940	–	–
Social and governance commitments	1,308	1,308	–	–
	155,248	**155,248**	**–**	**–**

(a) Lease liability commitments represent contractual lease payments payable over future periods in respect of lease liabilities recognized.

Option Agreements

The Company has the option to terminate its option agreements at any time. Future expenditures are therefore dependent on the success of exploration and development programs and a decision by management to continue or exercise its option(s) for the relevant project and agreement.

(All amounts expressed in U.S. Dollars, unless otherwise indicated)

As at December 31, 2023, the expected timing of payments, in respect of the Company's option agreements under the assumption that the Company continues to exercise its option(s) for the relevant project and agreement are as follows:

	Total	Less than 1 Year	Years 2 – 5	After 5 Years
	$	$	$	$
First Guayabales Option (c), (d)	2,250,000	416,666	1,333,328	500,006
Second Guayabales Option	5,800,000	250,000	1,000,000	4,550,000
San Antonio Option (c)	2,170,000	250,000	1,920,000	–
Other Option agreements (e)	3,800,000	825,000	2,975,000	–
	14,020,000	**1,741,666**	**7,228,328**	**5,050,006**

(b) Excludes additional option payment or NSR upon reaching commercial production.

(c) Amounts disclosed relate only to option payments of the agreement. In addition, as at December 31, 2023, the Company has recognized a total of $19,795,710 as exploration and evaluation expenditures in respect of the minimum expenditures required under the First Guayabales Option.

(d) Amounts disclosed related to the option agreements to purchase surface rights for a four-year period (see Note 8).

Environmental Contingencies

The Company's exploration activities are subject to Colombian laws and regulations governing the protection of the environment. These laws are subject to change and may generally become more restrictive. The Company may be required to make future expenditures to comply with such laws and regulations, the amounts for which are not determinable and have not been recognized in the consolidated financial statements.

22. SUBSEQUENTS EVENTS

On March 4, 2024, the Company announced the closing of a strategic investment by a single purchaser on a non-brokered private placement (the "March 2024 Offering") for gross proceeds of C$18,900,000.

The March 2024 Offering consisted of the sale of 4,500,000 Units at a price of C$4.20 per Unit. Each Unit was comprised of one common share in the capital of the Company ("Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share, subject to standard anti-dilution provisions, at a price of $5.01 until March 4, 2027, however the Company has the right to accelerate the expiry of the Subscription Warrants in the event that the Company's closing price on the TSXV remains equal to or higher than $6.00 for 20 consecutive trading days following the date that is 24 months after the Closing Date, the Company may accelerate the Warrant Term to the date which is 30 trading days following the date a notice is provided to holders of Warrants and a press release is issued by the Company announcing the accelerated Warrant Term.

The net proceeds from the March 2024 Offering will be used for exploration on the Company's properties in Colombia and for general working capital purposes.