ATICO MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

For the years ended December 31, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Atico Mining Corporation

Opinion

We have audited the accompanying consolidated financial statements of Atico Mining Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as of December 31, 2024, the Company has a working capital deficiency of $11,305,823 largely due to loans and borrowings, and a portion of the litigation award payable within the next twelve months. As stated in Note 1, these events and conditions 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 year. 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 auditor's report.

<u>*Assessment of impairment of El Roble Mine*</u>

As described in Note 6 and 7 to the consolidated financial statements, the carrying amount of the Company's El Roble Property and related plant and equipment (collectively the "El Roble Mine") was $10,197,109 and $4,843,048 respectively as at December 31, 2024. As more fully described in Note 2 to the consolidated financial statements, the Company determines whether an impairment indicator is identified with respect to its mineral properties and related plant and equipment, and if so, management tests for impairment. The Company determined there were impairment indicators related to title renewal as described in Note 24, however the Company is allowed to operate the mine while title renewal continues.

The test for impairment of the El Roble Mine necessitates the determination of the recoverable amount of the combined components of the cash generating unit ("CGU") to which the El Roble Mine belongs. The recoverable amount is the higher of value in use and fair value less costs to sell and requires management judgement and estimation on key internal value variable inputs and external market conditions such as: estimated recoverable resources and reserves, contract renewal for mine operations, mine life, future metal prices, operating costs, and discount rates for net present value calculations. The recoverable amount as at December 31, 2024 exceeded the carrying value, and as a result, no impairment loss was recorded for the year then ended.

The principal considerations for our determination that the assessment of impairment of the of El Roble Mine is a key audit matter are that potential variances between management's assumptions and estimations, and the market conditions, including contract and title renewal, could have a material effect in the future on the Company's financial position and results of operations. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the impairment test for the El Roble Mine.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating the appropriateness of the discounted cash flow model ("DCF") on the CGU related to the El Roble Mine, including engaging our internal valuation expert to assess appropriateness of the model.
- Testing the completeness and accuracy of underlying data and significant assumptions of the DCF.
- Evaluating the resource and reserves estimation, including obtaining an understanding of the qualification of management's specialists, and engaging an expert to assess the appropriateness of the Company's estimate.
- Assessing management's estimation of the likelihood of the Company being allowed to operate the mine while government contract and title renewal continues, including considerations of the assessment by Company's legal counsel and management and review of communications between the Company and the Colombia government agency.

Assessment of Valuation of Concentrate Inventory

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's metals concentrate was $9,103,030 as at December 31, 2024. As more fully described in Note 2 to the consolidated financial statements, estimates in the carrying values of inventories arise due to the nature of the valuation of metals concentrate based on an appropriate allocation of direct mining costs, direct labour and material costs, overhead, and depletion and amortization. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

We identified the valuation of concentrate inventories to be a key audit matter due to risk of error due to the sensitivity of management's key valuation assumptions within their model that estimate net realizable value for ore stockpiles and metals concentrate. The key valuation assumptions we focused on were the costing and volume of metals concentrate on hand and the expected timing of sale of the metals concentrate. The valuation of metals concentrate is sensitive to small changes in these assumptions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating management's estimation of volume and grade of metals concentrate, including obtaining an understanding of the qualification of management's specialists, and engaging an expert to survey the estimated quantities on hand and assess accuracy of ore grade assays.
- Assessing the reasonableness of how costs are allocated to determine the inventory value through review of underlying data including direct costs, overhead and depletion.
- Testing, on a sample basis, that the inventory has been valued at the lower of average cost or net realizable value.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets (non-depletable assets excluding land of $653,541) was $59,671,077 as of December 31, 2024. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's analysis of CGU components and assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining confirmation from the Company's legal counsel in Colombia that mineral rights for the Colombian E&E Assets are in good standing.
- Reviewing the Company's certificate of title in Ecuador as provided by the Ecuadorian government agency that mineral rights for the Ecuadorian E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 year 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 Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 23, 2025

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)
As at December 31, 2024 and 2023

	Note	2024	2023
ASSETS			
Current assets			
Cash		**$ 3,055,305**	$ 8,298,367
Receivables	3	**8,562,296**	9,404,933
Inventories	4	**11,975,917**	14,046,094
Other assets	5	**320,585**	639,272
		23,914,103	32,388,666
Non-current assets			
Other assets	5	**-**	8,956,302
Mineral properties	6	**70,521,727**	67,889,127
Plant and equipment	7	**4,843,048**	5,956,152
Total non-current assets		**75,364,775**	82,801,581
TOTAL ASSETS		**$ 99,278,878**	$ 115,190,247
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8, 20	**$ 10,439,053**	$ 12,777,376
Loans and borrowings	9	**17,834,674**	19,959,310
Arbitration award payable	24	**4,671,399**	-
Other liabilities	10	**129,061**	1,134,685
Lease liabilities	11	**662,355**	572,617
Decommissioning and restoration provision	12	**1,483,384**	-
Total current liabilities		**35,219,926**	34,443,988
Non-current liabilities			
Loans and borrowings	9	**7,050,000**	5,971,064
Arbitration award payable	24	**8,485,827**	-
Other liabilities	10	**78,947**	52,240
Lease liabilities	11	**845,266**	125,711
Decommissioning and restoration provision	12	**1,763,700**	2,815,297
Deferred income tax liabilities	13	**4,400,730**	10,990,030
Total non-current liabilities		**22,624,470**	19,954,342
Total liabilities		**57,844,396**	54,398,330
EQUITY			
Share capital	14	**43,690,353**	43,690,353
Reserves		**5,925,151**	5,732,939
Retained earnings		**(9,079,767)**	8,047,975
Total equity attributable to equity holders of the Company		**40,535,737**	57,471,267
Non-controlling interests	19	**898,745**	3,320,650
Total equity		**41,434,482**	60,791,917
TOTAL LIABILITIES AND EQUITY		**$ 99,278,878**	$ 115,190,247

Nature of operations and going concern (Note 1)
Contingency and commitment (Note 24)

These consolidated financial statements were authorized for issuance by the Board of Directors on April 23, 2025.

Approved by the Board of Directors

"Luis F. Sáenz" Director *"Jorge R. Ganoza"* Director

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States Dollars)
For the years ended December 31, 2024 and 2023

	Note	2024	2023
Sales	15	**$ 68,455,363**	$ 57,543,646
Cost of sales	16	**(54,413,545)**	(50,114,186)
Income from mining operations		**14,041,818**	7,429,460
General and administrative expenses	20	**(5,735,028)**	(5,815,475)
Impairment of mineral properties	6	**-**	(5,697,284)
Share-based payments	14, 20	**(360,744)**	(329,161)
Income (loss) from operations		**7,946,046**	(4,412,460)
Interest and finance costs, net	17	**(2,922,655)**	(2,402,387)
Fair value adjustment on derivative instruments, net	5	**(28,950)**	(92,920)
Realized loss on derivative instruments, net	5	**(1,435,762)**	46,859
Loss on royalties arbitration	24	**(24,515,080)**	-
Foreign exchange gain (loss)		**(691,559)**	386,632
Loss before income taxes		**(21,647,960)**	(6,474,276)
Current income tax expense	13	**(3,616,879)**	(3,648,315)
Deferred income tax recovery	13	**6,589,298**	4,345,438
Net loss and comprehensive loss		**$ (18,675,541)**	$ (5,777,153)
Net loss and comprehensive loss attributable to:			
Equity holders of Atico Mining Corporation		**$ (17,127,742)**	$ (5,666,727)
Non-controlling interests	19	**(1,547,799)**	(110,426)
		$ (18,675,541)	$ (5,777,153)
Basic and diluted loss per share	18	**$ (0.14)**	$ (0.05)
Weighted average no. of shares outstanding - basic and diluted (Note 17)	18	**121,286,185**	121,286,185

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)
For the years ended December 31, 2024 and 2023

Cash provided by (used in)	Note	**2024**	2023
Operating activities			
Net loss		**$ (18,675,541)**	$ (5,777,153)
Items not affecting cash:			
Depletion, depreciation and amortization		**11,712,920**	12,016,688
Impairment of mineral properties		**-**	5,697,284
Share-based payments		**360,744**	329,161
Accretion of lease liabilities		**58,061**	51,984
Accretion of decommissioning and restoration provision		**274,491**	266,035
Interest expense		**2,559,173**	1,972,147
Change in fair value of derivatives		**28,950**	92,920
Realized loss on derivative instruments, net		**1,435,762**	(46,859)
Loss on royalties arbitration		**24,515,080**	-
Deferred income tax expense (recovery)		**(6,589,298)**	(4,345,438)
Unrealized foreign exchange loss (gain)		**1,275,844**	(546,128)
		16,956,186	9,710,641
Changes in non-cash operating working capital items	21	**(272,467)**	(1,441,621)
		16,683,719	8,269,020
Investing activities			
Expenditures on mineral properties		**(8,736,129)**	(10,113,041)
Acquisition of plant and equipment		**(1,060,278)**	(875,374)
Acquisition of non-controlling interests		**(1,000,000)**	(1,000,000)
Expenditures on reclamation activities		**(509,793)**	(408,309)
Settlements of derivative instruments		**(1,435,762)**	46,859
Payment to the National Mining Agency		**(3,831,351)**	(3,579,882)
		(16,573,313)	(15,929,747)
Financing activities			
Loans payable withdrawn, net of financing costs		**12,430,000**	13,400,000
Loans payable repaid		**(13,380,000)**	(10,206,667)
Payments on lease liabilities		**(842,016)**	(725,335)
Interest paid		**(2,654,873)**	(1,127,608)
Dividend paid to non-controlling interests		**(874,106)**	(631,931)
		(5,320,995)	708,459
Effect of exchange rate changes on cash		**(32,473)**	19,800
Change in cash		**(5,243,062)**	(6,932,468)
Cash - beginning of year		**8,298,367**	15,230,835
Cash - end of year		**$ 3,055,305**	$ 8,298,367

Supplemental disclosure with respect to cash flows (Note 21)

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

ATICO MINING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States Dollars)
For the years ended December 31, 2024 and 2023

	Number of shares		Share capital		Reserves		Non-controlling interests		Retained earnings		Total equity
Balance as at December 31, 2023	**121,286,185**	**$**	**43,690,353**	**$**	**5,732,939**	**$**	**3,320,650**	**$**	**8,047,975**	**$**	**60,791,917**
Share-based payments	**-**		**-**		**192,212**		**-**		**-**		**192,212**
Dividend declared by subsidiary	**-**		**-**		**-**		**(874,106)**		**-**		**(874,106)**
Net loss and comprehensive loss	**-**		**-**		**-**		**(1,547,799)**		**(17,127,742)**		**(18,675,541)**
Balance as at December 31, 2024	**121,286,185**	**$**	**43,690,353**	**$**	**5,925,151**	**$**	**898,745**	**$**	**(9,079,767)**	**$**	**41,434,482**

	Number of shares		Share capital		Reserves		Non-controlling interests		Retained earnings		Total equity
Balance as at December 31, 2022	121,286,185	$	43,690,353	$	5,479,671	$	4,063,007	$	13,714,702	$	66,947,733
Share-based payments	-		-		253,268		-		-		253,268
Dividend declared by subsidiary	-		-		-		(631,931)		-		(631,931)
Net loss and comprehensive loss	-		-		-		(110,426)		(5,666,727)		(5,777,153)
Balance as at December 31, 2023	121,286,185	$	43,690,353	$	5,732,939	$	3,320,650	$	8,047,975	$	60,791,917

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Atico Mining Corporation (the "Company") was incorporated in the Yukon Territories on April 15, 2010 and continued to British Columbia on October 17, 2011. The Company is engaged in copper-gold mining and related activities including exploration, development, extraction, and processing in Colombia and the acquisition, exploration and development of copper and gold projects in Latin America. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "ATY". The address of its head office is Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

On November 22, 2013, the Company acquired 90% of the issued and outstanding common shares of Minera El Roble S.A. ("MINER"), the owner of the El Roble mining property ("El Roble"), an operating copper-gold mine in Colombia. On September 11, 2019, the Company acquired 100% of the issued and outstanding common shares of Toachi Mining Inc. ("Toachi"), which owns the La Plata project in Ecuador.

In December 2021, the Company entered into an agreement with the mining authority, the National Mining Agency, in Colombia related to an ongoing royalty dispute. By entering into this agreement, the Company was able to apply for a new mining contract and related title for the El Roble property which expired on January 23, 2022. The Company has since been allowed to continue operating while the contract and title renewal process is underway. The agreement required the Company and the National Mining Agency to seek a resolution to the royalty dispute through binding arbitration at the Center for Arbitration and Conciliation of the Bogota Chamber of Commerce. Additionally, as part of the agreement, the Company entered a five-year payment plan (the "Payment Plan") with the National Mining Agency, which was amended in June 2022, to pay for the disputed royalties in biannual installments totaling COP$101 billion (approximately $23 million), plus interest at an annual rate of 6%. As of December 31, 2024, the Company had made payments for COP$50 billion ($11.3 million) under this Payment Plan (Note 24). As security for the Payment Plan, the Company has pledged metals concentrate inventory in favor of the National Mining Agency.

On March 7, 2025, the arbitration tribunal at the Center for Arbitration and Conciliation of the Bogota Chamber of Commerce ruled in favor of the National Mining Agency, requiring MINER to back pay copper royalties since 1994 (the "Award").

On April 9, 2025, the arbitration tribunal ordered that the payment of the Award be made within the timeframe outlined in the Payment Plan, and that both MINER and the National Mining Agency are responsible for adjusting the Payment Plan to account for the Award and for previous payments made by MINER under the Payment Plan.

The Award resulted in a total pre-tax loss of $24,515,080, recognized in the Company's consolidated statements of loss and comprehensive loss for the year ended December 31, 2024. The Company has been recording an arbitration asset (Note 5) for all cumulative payments made under the Payment Plan which amounted to $11,357,854 (COP$50 billion) on December 31, 2024. After adjusting for inflation and interest, this amount has been offset against the Award, resulting in a net liability of $13,157,226 (COP$58 billion) owing to the National Mining Agency as of December 31, 2024. Of this amount, $4,671,399 is classified as a current liability and $8,485,827 as a non-current liability. The liability amount may be subject to change pending the revisions to the Payment Plan by the National Mining Agency and MINER as required by the arbitration tribunal. As payments are made under the Payment Plan, the Company intends to use the proceeds from the sale of the pledged concentrate to substantially reduce its liabilities.

While to date the National Mining Agency has allowed continued operation of El Roble, if title renewal is not extended, operations of El Roble would cease, and related assets would be impaired.

As of December 31, 2024, the Company has a working capital deficiency of $11,305,823 largely due to loans and borrowings, and the portion of the Award payable to the National Mining Agency coming due within 12 months. Even though the Company's plans include, among other things, the issuance of shares or new debt to fund the working capital deficiency and repay existing debt, a material uncertainty exists on the ability of the Company to successfully receive this external funding, or in terms acceptable by the Company, which may cast significant doubt on the Company's ability to continue as a going concern.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation and measurement

These consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain comparatives have been reclassified to the current year's presentation.

Principles of consolidation

These consolidated financial statements include the accounts of the parent company and its subsidiaries after eliminating intercompany balances and transactions.

Subsidiaries

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Principles of consolidation (cont'd…)

Subsidiaries are all 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 Company's principal operating subsidiaries (excluding holding companies) are as follows:

Name	Place of incorporation	Ownership %
Minera El Roble SA	Republic of Colombia	90%
Atico Mining Corporation Peru SAC	Republic of Peru	100%
Toachiec Exploraciones Mineras SA	Republic of Ecuador	100%
Compania Minera La Plata SA	Republic of Ecuador	100%

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of each of the entities in the group is the United States ("US") dollar. The functional currency determinations were conducted through an analysis of the factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates ("IAS 21"). The presentation currency of the Company is the US dollar. Transactions in currencies other than the US dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Revenue recognition

The Company earns revenue from contracts with customers related to its metals concentrate sales. Revenue from contract with its customer is recognized when the customer obtains control of the metals concentrate and the Company satisfies its performance obligation. The Company considers the terms of the contract in determining the transaction price, which is the amount the entity expects to be entitled to in exchange for the transferring of the metals concentrate. The transaction price of a contract is allocated to each performance obligation based on its stand-alone selling price. The Company satisfies its performance obligations for its concentrate sales based upon specified contract terms which is upon loading of the metals concentrate onto a vessel. The Company's metals concentrate is sold under a pricing arrangement where final prices are determined by quoted market prices in a period subsequent to the date of sale (the "quotational period"). Until prices are final, revenues are recorded based on forward commodity prices of metals for the expected period of final settlement. The Company also has the option of fixing the price which is adjusted to the average of the quotational period month. Also, subsequent variations in the final determination of the metals concentrate weight, assay, and price are recognized as revenue adjustments as they occur until finalized.

Earnings per share

The Company presents basic earnings per share data for its common shares, calculated by dividing the income attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings attributable to equity holders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted earnings 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 periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

Financial instruments

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Financial liabilities are designated as either FVTPL or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Impairment of financial assets

An 'expected credit loss' impairment model is applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash

Cash includes cash on hand, bank deposits and short-term, highly-liquid investments that are readily convertible to known amounts of cash.

Inventories

Inventories include metals contained in concentrate, ore stockpiles, materials and supplies. The classification of metals inventory is determined by the stage in the production process. Finished goods inventories are sampled for metal content and are valued based on the lower of actual production costs incurred or estimated net realizable value based upon the period ending prices of contained metal. Concentrate and ore stockpile inventories are valued at the lower of actual production costs incurred or estimated net realizable value based upon the period ending prices of contained metal expected to be recovered. Production costs include all mine site costs. Materials and supplies are valued at the lower of average cost less allowance for obsolescence or net realizable value. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it, no longer exist.

Mineral properties

Operating mineral properties are recorded at cost less accumulated depletion and impairment charges. The costs associated with operating mineral properties include acquired interests in production stage properties representing the fair value at the time they were acquired. Operating mineral properties also include additional capitalized costs after initial acquisition, such as mine development costs. Upon sale or abandonment of an operating mineral property, the carrying value is written off and any gains or losses thereon are included in profit or loss.

In each reporting period, the Company determines if an impairment indicator exists on the carrying value of the related cash generating unit ("CGUs") to which the asset is grouped. If such an indicator exists, management tests for impairment.

Plant and equipment

Completed mineral property, plant and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary 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.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item are accounted for separately, including major inspection and overhaul expenditures which are capitalized.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

In each reporting period, the Company determines if an impairment indicator exists on the carrying value of the related cash generating unit to which the asset is grouped. If such an indicator exists, management tests for impairment.

Exploration and evaluation ("E&E") assets (non-depletable mineral properties)

Exploration and evaluation expenditures incurred for regional reconnaissance or property investigations prior to the acquisition of a property or the right to explore are obtained are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on E&E activities are capitalized to E&E assets.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Exploration and evaluation ("E&E") assets (non-depletable mineral properties) (cont'd…)

E&E expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of E&E assets quarterly. In the case of undeveloped projects, there may be only limited data to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for exploration and development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and put into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable resource has been determined for an area and the decision to proceed with development has been approved, E&E assets attributable to that area are first tested for impairment and then reclassified to capital work in progress. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If the property is put into production, the costs of acquisition and E&E will be amortized over the life of the property. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written down to its recoverable amount.

Depletion and amortization of mineral property, plant and equipment

The carrying amounts of mineral properties, plant and equipment are depleted or amortized over the estimated economic life of the specific assets to which they relate, using the depletion and amortization methods and rates as indicated below.

Categories	Methods	Estimated economic life
Mineral properties	Units of production	Estimated mineral resources
Plant and building	Straight line	5 to 10 years
Machinery and equipment	Straight line	3 to 5 years

Depletion and amortization of mineral property, plant and equipment

On an annual basis, the amortization method, useful economic life and the residual value of each component asset is reviewed, with any changes recognized prospectively over its remaining useful economic life. Amortization commences on the date the asset is available for its use as intended by management.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Decommissioning, restoration and other provisions

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Decommissioning, restoration and other provisions (cont'd…)

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to profit or loss. The method of amortization follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. For a closed site or where the asset which generated a decommissioning and restoration provision no longer exists, there is no longer a future benefit related to the costs. As such, adjustments to the provisions are required and the resulting changes in estimates are charged to profit or loss in the period in which the adjustment is identified. For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the capitalized retirement cost.

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 significant, the provision is discounted using a risk-adjusted market based pre-tax discount rate.

Convertible debentures

Compound financial instruments issued by the Company are comprised of convertible debt that can be converted to share capital at a fixed price, at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value which is equal to the net present value of future cash flows applying an interest rate at the date of issue of a similar liability that does not have an equity convertible option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized in profit or loss.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the measurement date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as part of the share-based payments reserve. Transaction costs directly attributed to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Restricted share units

The restricted share units ("RSUs") entitle employees, directors, or officers to cash payments payable upon vesting based on vesting terms determined by the Company's Board of Directors at the time of the grant. A liability for outstanding RSUs is measured at fair value on the grant date and is subsequently adjusted for changes in fair value at each reporting date until settlement. The liability is recognized on a graded vesting basis over the vesting period, with a corresponding charge to profit or loss.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants to acquire common shares of the Company. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other equity-settled share-based payment arrangements are recorded based on the estimated fair value at the grant date and charged to profit or loss over the vesting period. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Share-based payments (cont'd…)

Share-based payment expense relating to cash-settled awards, including deferred and restricted share units is accrued over the vesting period of the units based on the quoted market value of Company's common shares. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right of use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which the Company is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in profit or loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in mineral property, plant and equipment, and the lease liability is presented in liabilities in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in profit or loss.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized 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, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

a) Estimated decommissioning and restoration costs

The Company's provision for decommissioning and restoration represents management's interpretation of current regulatory requirements, constructive obligations, and best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expense.

b) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

c) *Inventory* valuation

Consumable parts and supplies, ore stockpiles, and metals concentrates are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and metals concentrate based on an appropriate allocation of direct mining costs, direct labour and material costs, overhead, and depletion and amortization. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

d) Income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets.

The tax rates expected to be in effect when temporary differences reverse are 27% for Canada, 35% for Colombia, 30% for Peru, and 25% for Ecuador. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

e) Valuation of financial instruments

Financial instrument estimates are based on either unadjusted quoted prices in active markets or direct or indirect observable inputs in accordance with the definitions of the financial instruments. Provisional pricing calculations are determined based on the change in fair value of forward commodity prices of metals. To account for the change in metal prices from the total contract value to the provisional value amount that has been received, estimates of the value of metals concentrate are used to determine the provisionally-priced trade receivables at each reporting date.

f) Mineral reserve and/or resource estimates

Estimates of mineral reserves and/or resources are determined by the Company and prepared by qualified persons in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators, and these estimates are reviewed and updated from time to time. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Critical accounting estimates and judgments (cont'd…)

Differences between management's assumptions, including economic assumptions such as metal prices, and the market conditions could have a material effect in the future on the Company's financial position and results of operations.

g) Estimated recoverable resources

The carrying amount of the Company's mineral properties is depleted based on recoverable resources. Changes to estimates of recoverable resources and depletable costs including changes resulting from revisions to the Company's mine plan and changes in metal price forecasts can result in a change to future depletion rates.

h) Amortization rate for plant and equipment and depletion for mineral properties

Depletion and amortization expenses are allocated based on assumed asset lives. Should the asset life, depletion rates, or amortization rates differ from the initial estimate, an adjustment would be made in profit or loss.

i) Impairment of mineral properties, plant and equipment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral properties, plant and equipment are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mineral properties, plant and equipment. Internal sources of information that management considers include the manner in which mineral properties, plant and equipment are being used or are expected to be used and indications of economic performance of the assets. The Company uses judgement in its determination of the continued operations of the El Roble mine and the expected favorable outcome of the El Roble title renewal (Note 24).

In determining the recoverable amounts of the Company's mineral properties, plant and equipment, management makes estimates of the future operating results and discounted net cash flows expected to be derived from the Company's mineral properties, costs to sell the mineral properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties, plant and equipment.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

a) Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

b) Arbitration asset

The Company has entered into an agreement with the National Mining Agency on disputed royalty payments to which the outcome will be determined by arbitration. The Company has applied judgement in recording any related payments made as an arbitration asset based on meeting a future benefits criterion. As a result of the arbitration outcome, the Company offset the arbitration asset against the Award liability as of December 31, 2024 (note 24).

c) Recoverability of resource assets

The Company estimates its mineral resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to mineral resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the mineral resources estimates may impact the carrying value of E&E assets, mineral properties, plant and equipment, decommissioning and restoration provision, recognition of deferred tax amounts and depletion. The Company continues to work towards obtaining a new contract to renew title for the operating mine and has been allowed to continue operating while the renewal process continues. The previous contract and related title expired on January 23, 2022 (Note 24).

(Expressed in United States Dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Critical accounting estimates and judgments (cont'd…)

d) Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statements of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

New and amended accounting standards

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is in the process of assessing if the new accounting standards will not have a significant effect on the Company's consolidated financial statements. The Company will defer implementation until the effective date.

3. RECEIVABLES

	December 31, 2024	December 31, 2023
Trade receivables	**$ 5,183,614**	$ 4,896,950
GST/VAT and other taxes recoverable	**3,281,800**	2,943,119
Income tax instalments, net	**-**	1,496,008
Other receivables	**96,882**	68,856
	$ 8,562,296	$ 9,404,933

As at December 31, 2024, the Company has a concentrate off-take agreement whereby the customer will purchase 100% of the metals concentrate produced at the El Roble mining property. This current agreement has an expected settlement period ("quotational period") of one or four months following the month of shipment, and subject to certain limitations, the Company has the option of fixing the metal price for all or part of the shipment, which is adjusted to the average metal price of the quotational period month.

As at December 31, 2024 and 2023, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at December 31, 2024 and 2023 was $Nil.

4. INVENTORIES

	December 31, 2024	December 31, 2023
Consumable parts and supplies	**$ 2,827,538**	$ 3,280,373
Ore stockpiles	**45,349**	148,327
Metals concentrate[1]	**9,103,030**	10,617,394
	$ 11,975,917	$ 14,046,094

[1] As at December 31, 2024, the metals concentrate in inventories was pledged as security in connection to the agreement between the Company and the National Mining Agency (Note 24). The security is released proportionally as payments are made in accordance with the Payment Plan and may be substituted at a later date.

(Expressed in United States Dollars)

5. OTHER ASSETS

	Note		**December 31, 2024**		December 31, 2023
Prepaid expenses and deposits		**$**	**292,753**	$	639,272
Derivative assets			**27,832**		-
National Mining Agency arbitration asset[1]	24		**-**		8,956,302
			320,585		9,595,574
Less: current portion			**320,585**		639,272
Non-current portion		**$**	**-**	$	8,956,302

[1] The Company had been recording an arbitration asset for all payments made under the Payment Plan (Note 24).

Derivative instruments

The Company enters into derivative instruments from time to time in the normal course of business in order to manage its exposure to fluctuations in copper price, gold price, and the Colombian peso/US dollar exchange rate. The Company does not enter into or trade derivative instruments for speculative purposes. The Company has not applied hedge accounting to these derivative transactions and are measured at fair value at the end of each reporting period based on the terms of the arrangements and the expected settlement prices and/or rates. Any resulting mark-to-market adjustments have been recognized in derivative instruments on the consolidated statement of financial position. During the year ended December 31, 2024, the Company recognized a negative net fair value adjustment of $28,950 (2023 - $92,920) on its derivative instruments, and a net realized loss of $1,435,762 (2023 - $46,859 gain) on the settlement of its derivative instruments.

Currency forward arrangements

The Company has entered into zero-cost non-deliverable currency forward arrangements with local Colombian banks between the US dollar and Colombian peso. Each arrangement is net settled based on the difference between the market exchange rate and the contracted settlement rate, where the Company receives (or pays) proceeds if the contracted settlement rate is above (or below) the market exchange rate to purchase Colombian peso. As at December 31, 2024, the Company had outstanding forward arrangements to convert $5,835,000 (December 31, 2023 - $Nil) into Colombian pesos at the negotiated exchange rates up to May 2, 2025, resulting in a net liability carrying amount of $26,732 (Note 10) (December 31, 2023 - $Nil). During the year ended December 31, 2024, the Company had a net realized loss of $118,228 (2023 - $Nil) on the settlement of its currency forward arrangements.

Commodity derivative arrangements

The Company has entered into zero-cost commodity derivative arrangements with Auramet International LLC. These arrangements are net settled based on the difference between the market price and the contracted settlement price, where the Company receives (or pays) proceeds if the contracted settlement price is above (or below) the market price. As at December 31, 2024, the Company had no outstanding sale arrangements and a carrying amount of $Nil (December 31, 2023 - $92,920). During the year ended December 31, 2024, the Company had a net realized loss of $1,317,534 (2023 - $46,859 gain) on the settlement of its commodity derivative arrangements.

(Expressed in United States Dollars)

6. MINERAL PROPERTIES

	Note	Depletable El Roble	Land and non-depletable El Roble	Land and non-depletable La Plata	Total
Cost					
As at January 1, 2023		$ 74,136,130	$ 18,004,009	$ 35,625,475	$ 127,765,614
Additions		2,242,926	2,369,113	5,501,002	10,113,041
Change in estimated provision	12	229,008	-	-	229,008
Impairment		-	(5,697,284)	-	(5,697,284)
As at December 31, 2023		76,608,064	14,675,838	41,126,477	132,410,379
Additions		**4,213,826**	**889,763**	**3,632,540**	**8,736,129**
Change in estimated provision	12	**806,841**	**-**	**-**	**806,841**
As at December 31, 2024		**$ 81,628,731**	**$ 15,565,601**	**$ 44,759,017**	**$ 141,953,349**
Accumulated depletion					
As at January 1, 2023		$ 57,318,993	$ -	$ -	$ 57,318,993
Depletion		7,202,259	-	-	7,202,259
As at December 31, 2023		64,521,252	-	-	64,521,252
Depletion		**6,910,370**	-	-	**6,910,370**
As at December 31, 2024		**$ 71,431,622**	**$ -**	**$ -**	**$ 71,431,622**
Net book value					
As at December 31, 2023		$ 12,086,812	$ 14,675,838	$ 41,126,477	$ 67,889,127
As at December 31, 2024		**$ 10,197,109**	**$ 15,565,601**	**$ 44,759,017**	**$ 70,521,727**

The Company's wholly-owned subsidiary, Compania Minera La Plata S.A. ("CMLP") holds a 100% interest in the La Plata project, which is a polymetallic (primarily copper, gold, lead, zinc and silver) exploration project at the pre-development stage located in Ecuador.

In August 2021, the Company acquired the remaining 40% interest in CMLP for $10,000,000, of which $7,000,000 was paid in August 2021, with the remaining $3,000,000 payable over three years in three equal annual installments, which were fully paid as at December 31, 2024.

7. PLANT AND EQUIPMENT

	Plant and building	Machinery and equipment	Assets under lease	Total
Cost				
As at January 1, 2023	$ 24,517,817	$ 18,850,654	$ 4,877,279	$ 48,245,750
Additions	507,861	490,481	265,443	1,263,785
Derecognition	-	-	(938,578)	(938,578)
As at December 31, 2023	25,025,678	19,341,135	4,204,144	48,570,957
Additions	**465,754**	**586,136**	**1,544,783**	**2,596,673**
As at December 31, 2024	**$ 25,491,432**	**$ 19,927,271**	**$ 5,748,927**	**$ 51,167,630**
Accumulated depreciation				
As at January 1, 2023	$ 16,852,166	$ 17,960,644	$ 3,749,815	$ 38,562,625
Depreciation	3,748,732	478,214	704,368	4,931,314
Derecognition	-	-	(879,134)	(879,134)
As at December 31, 2023	20,600,898	18,438,858	3,575,049	42,614,805
Depreciation	**2,507,890**	**422,272**	**779,615**	**3,709,777**
As at December 31, 2024	**$ 23,108,788**	**$ 18,861,130**	**$ 4,354,664**	**$ 46,324,582**
Net book value				
As at December 31, 2023	$ 4,424,780	$ 902,277	$ 629,095	$ 5,956,152
As at December 31, 2024	**$ 2,382,644**	**$ 1,066,141**	**$ 1,394,263**	**$ 4,843,048**

(Expressed in United States Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2024		December 31, 2023
Trade and other payables	$	**6,959,572**	$	9,446,078
Payables to non-controlling interest of MINER		**-**		64,867
Payroll and related liabilities		**1,802,284**		1,575,629
Taxes payable		**1,049,001**		-
Accrued liabilities		**628,196**		1,690,802
	$	**10,439,053**	$	12,777,376

9. LOANS AND BORROWINGS

		Credit facilities		Loans payable		Convertible debentures		Total
As at January 1, 2023	$	5,821,487	$	10,322,309	$	5,748,706	$	21,892,502
Additions, net of financing costs		13,400,000		-		-		13,400,000
Interest expense		540,517		754,272		677,358		1,972,147
Repayments - principal		(9,790,000)		(416,667)		-		(10,206,667)
Repayments - interest		(318,897)		(467,461)		(341,250)		(1,127,608)
As at December 31, 2023		9,653,107		10,192,453		6,084,814		25,930,374
Additions, net of financing costs		**12,430,000**		**-**		**-**		**12,430,000**
Interest expense		**539,044**		**1,315,789**		**704,340**		**2,559,173**
Repayments - principal		**(13,380,000)**		**-**		**-**		**(13,380,000)**
Repayments - interest		**(577,881)**		**(1,508,242)**		**(568,750)**		**(2,654,873)**
As at December 31, 2024	$	**8,664,270**	$	**10,000,000**	$	**6,220,404**	$	**24,884,674**
Less: current portion		**8,664,270**		**2,950,000**		**6,220,404**		**17,834,674**
Non-current portion	$	**-**	$	**7,050,000**	$	**-**	$	**7,050,000**

Credit facilities

The Company has arrangements with several Colombian banks to enter into unsecured credit facilities with terms up to one year from the date of drawn down (Note 23). The amounts drawn under the credit facility are subject to variable monthly interest rates at the applicable term rate based on the Secured Overnight Financing Rate ("SOFR") plus an applicable margin.

The Company carried forward loan agreements with Colombian banks from the year ended December 31, 2023, totaling $9,400,000, which carried interest rates at SOFR plus a range from 1.65% to 2.10% per annum, which were fully repaid in the year ended December 31, 2024.

In the year ended December 31, 2024, the Company entered into loan agreements with Colombian banks totaling $12,430,000, which carried interest rates at SOFR plus a range from 0.87% to 1.80% per annum. $3,980,000 was repaid in the year ended December 31, 2024, and $8,450,000 remains payable in the year ended December 31, 2025.

As part of the off-take agreement with the customer, the Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on SOFR plus 4.5% from the date of advance and would be secured by such inventory until the date of the payment on provisional invoice has been made. As at December 31, 2024 and 2023, there were no amounts advanced on inventory.

Loans payable

In February 2022, the Company entered into a secured definitive credit agreement with Trafigura PTE Ltd. for a facility of $10,000,000. The credit agreement has a term of 30 months and includes standard terms and conditions customary in secured financing transactions of this nature. The principal bears interest at a rate of SOFR plus 5.26% for the first 24 months and then at a rate of SOFR plus 7.5% thereafter. At the inception of the credit agreement, the Company paid $251,653 in debt issue costs which were netted against the principal and are being amortized in interest expense over the life of the loan.

(Expressed in United States Dollars)

9. LOANS AND BORROWINGS (cont'd…)

In August 2024, the Company entered into an amendment and restatement agreement with Trafigura PTE. LTD. to amend the $10,000,000 credit agreement entered on February 2022, by extending the maturity date of the credit facility from August 8, 2024, to July 31, 2026, with the following principal repayment schedule:

1. US$ 650,000 due on January 31, 2025, and April 30, 2025;
2. US$ 700,000 due on July 31, 2025;
3. US$ 950,000 due on October 31, 2025, January 31, 2026, and April 30, 2026; and
4. US$ 5,150,000 due on July 31, 2026.

In September 2024, the Company's minimum unrestricted cash maintenance requirement in the Credit Agreement was reduced from $7,000,000 to $2,000,000.

Subsequent to December 31, 2024, the Company amended the credit agreement, including a new amended principal repayment schedule (Note 26).

Convertible debentures

In December 2020, the Company entered into an unsecured convertible debenture arrangement with Dundee Corporation for a principal balance of $6,500,000, which carries an interest rate of 7.0% per annum payable quarterly for five years, and the principal is due in December 2025. The principal balance is convertible into 11,627,907 common shares of the Company at $0.559 per share. On the closing date, the Company paid $357,500 as a finder's fee. The Company may, at its option, redeem the debenture, in whole or in part, at par plus accrued and unpaid interest.

On initial recognition, the Company determined the fair value of the liability component to be $5,393,572, which was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 10%. The equity component was determined to be $689,517, which comprised the proceeds received less the liability component. A deferred tax liability of $176,829 related to the taxable temporary difference arising from the equity portion of the convertible loan was recognized as an offset in equity reserves. The debt component of the convertible note is being accreted over the term to maturity, with accretion charge included in interest expense.

10. OTHER LIABILITIES

	Note		**December 31, 2024**		December 31, 2023
Derivative liabilities	5	**$**	**54,564**	$	92,920
Provision for restricted share units	14		**153,444**		94,005
Acquisition of CMLP non-controlling interest	6		**-**		1,000,000
			208,008		1,186,925
Less: current portion			**129,061**		1,134,685
Non-current portion		**$**	**78,947**	$	52,240

11. LEASE LIABILITIES

The Company entered into various leases for vehicles, equipment, property and office premises for which the implicit interest rate used to determine the present value ranged from 4.40%-12.34%.

		December 31, 2024		December 31, 2023
Not later than one year	**$**	**739,612**	$	550,630
Later than one year and not later than five years		**890,009**		171,199
Later than five years		**-**		-
Total minimum lease payments		**1,629,621**		721,829
Future finance charges at implicit rate		**(122,000)**		(23,501)
Present value of minimum lease payments		**1,507,621**		698,328
Less: current portion		**662,355**		572,617
Non-current portion	**$**	**845,266**	$	125,711

(Expressed in United States Dollars)

12. DECOMMISSIONING AND RESTORATION PROVISION

	December 31, 2024	December 31, 2023
Opening balance	$ 2,815,297	$ 2,728,563
Settlements	(509,793)	(408,309)
Change in estimate	667,089	229,008
Accretion expense	274,491	266,035
	$ 3,247,084	$ 2,815,297
Less: current portion	1,483,384	-
Non-current portion	$ 1,763,700	$ 2,815,297

A decommissioning and restoration provision has been recognized in respect of the mining operations at the El Roble mining property, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the decommissioning and restoration provision as at December 31, 2024 were $3,829,885 (December 31, 2023 - $3,429,318), which were adjusted for inflation and uncertainty of the cash flows of 2.0% and then discounted using a risk adjusted pre-tax discount rate of 9.75% (December 31, 2023 – 3.3% inflation and 9.75% discount rate). In view of the uncertainties concerning environmental reclamation, the ultimate cost of reclamation activities could differ materially from the estimated amount recorded. The estimate of the Company's decommissioning and restoration liability relating to the El Roble mining property is subject to change based on amendments to laws and regulations and as new information regarding the Company's operations becomes available. Future changes, if any, to the estimated liability as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the liability and a corresponding increase or decrease to the mineral property, plant and equipment balance.

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

	Year ended December 31, 2024	2023
Income (loss) before income taxes	$ (21,647,960)	$ (6,474,276)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense (recovery) at statutory income tax rate	(5,844,949)	(1,748,055)
Difference between Canadian and foreign tax rates	(1,454,321)	(226,897)
Changes in effective tax rates	(2,462)	(407)
Permanent differences and other adjustments	2,285,346	292,935
Withholding taxes	472,170	284,369
Changes in unrecognized deferred tax assets	312,215	1,429,037
Impact of foreign exchange on deferred tax assets and liabilities	1,259,582	(728,105)
	$ (2,972,419)	$ (697,123)
Current income tax expense	$ 3,616,879	$ 3,648,315
Deferred income tax expense (recovery)	$ (6,589,298)	$ (4,345,438)

The composition of the Company's net deferred income tax asset (liability) that has been recognized is as follows:

Deferred income tax assets (liabilities)	December 31, 2024	December 31, 2023
Mineral property, plant and equipment	$ (10,506,437)	$ (9,912,965)
Decommissioning and restoration provision	1,131,213	668,487
Royalty Arbitration payable	4,605,029	-
Convertible debentures	(80,757)	(159,848)
Non-capital losses and others	6,837,444	4,429,558
	1,986,492	(4,974,768)
Unrecognized deferred tax assets	(6,387,222)	(6,015,262)
Net deferred income tax liability	$ (4,400,730)	$ (10,990,030)

(Expressed in United States Dollars)

13. INCOME TAXES (cont'd…)

The Company's significant temporary differences, unused tax credits, and unused tax losses that have not been recognized as deferred income tax assets are as follows:

		December 31, 2024	**Expiry date range**		December 31, 2023	Expiry date range
Mineral properties, plant and equipment	**$**	**187,745**	**No expiry date**	$	200,139	No expiry date
Decommissioning and restoration provision		**1,192,717**	**No expiry date**		1,433,459	No expiry date
Non-capital losses and other - Canada		**24,212,180**	**2032 to 2044**		22,526,800	2032 to 2043
Non-capital losses and other - other		**13,359**	**No expiry date**		15,577	No expiry date

14. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

During the years ended December 31, 2024 and 2023, the Company issued Nil common shares.

Restricted share units

The continuity of restricted share units ("RSUs") for the years ended December 31, 2024 and 2023 are as follows:

	Outstanding
As at January 1, 2023	584,732
Granted	2,725,136
Vested	(244,348)
As at December 31, 2023	3,065,520
Granted	**2,452,211**
Vested	**(734,666)**
As at December 31, 2024	**4,783,065**

As at December 31, 2024, the weighted average remaining life of the RSUs outstanding was 1.89 (December 31, 2023 – 2.16) years with vesting periods of 36 months. The Company's outstanding RSUs as at December 31, 2024 are as follows:

Expiry date	Outstanding
April 19, 2025	150,744
April 19, 2026	2,180,110
July 5, 2027	2,452,211

Stock options

The continuity of stock options for the years ended December 31, 2024 and 2023 are as follows:

	Outstanding		Weighted average exercise price (C$)
As at January 1, 2023	12,073,087	$	0.49
Granted	1,913,936		0.21
Expired	(1,931,441)		0.71
As at December 31, 2023	12,055,582		0.41
Granted	**2,346,811**		**0.17**
Expired	**(3,705,164)**		**0.31**
As at December 31, 2024	**10,697,229**	**$**	**0.39**

(Expressed in United States Dollars)

14. SHARE CAPITAL (cont'd…)

As at December 31, 2024, the weighted average remaining life of the stock options outstanding is 2.33 (December 31, 2023 - 2.04) years with vesting periods ranging from 0 to 36 months. The Company's outstanding and exercisable stock options as at December 31, are as follows:

Expiry date	Exercise price (C$)	Outstanding	Exercisable
October 9, 2025	0.48	2,770,300	2,770,300
April 20, 2026	0.65	2,360,976	2,360,976
July 2, 2026	0.57	300,000	300,000
April 28, 2027	0.41	1,005,206	502,603
April 21, 2028	0.21	1,913,936	382,787
July 5, 2029	0.17	2,346,811	-

Share-based payments and share-based payment reserve

During the year ended December 31, 2024, the Company granted stock options and RSUs to employees, directors, and officers of the Company, all of which will vest over 36 months. Using the fair value method for share-based payments, the Company determined the fair value of the stock options granted to be C$248,862 or C$0.11 per option (2023 - C$244,293 or C$0.13). The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

Weighted average:	**December 31, 2024**	December 31, 2023
Risk free interest rate	**3.49%**	3.10%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**74%**	73%
Expected life in years	**5**	5
Forfeiture rate	**0%**	0%

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded a charge to share-based payments expense of $360,744 (2023 - $329,161) which consists of an offsetting credit of $192,212 (2023 - $253,268) to the share-based payments reserve and $168,532 (2023 - $75,893) to the provision for restricted share units during the year ended December 31, 2024. As at December 31, 2024, a provision for restricted share units to be issued of $153,444 (2023 - $94,005) was recorded (Note 10).

15. SALES

	Year ended December 31, 2024	Year ended December 31, 2023
Metals concentrate sold	**$ 68,700,235**	$ 57,775,812
Provisional pricing adjustments	**(244,872)**	(232,166)
	$ 68,455,363	$ 57,543,646

16. COST OF SALES

	Year ended December 31, 2024	Year ended December 31, 2023
Direct mining and processing costs[1]	**$ (36,403,372)**	$ (32,753,271)
Royalties	**(3,842,287)**	(3,228,096)
Selling expense[2]	**(2,664,611)**	(2,353,796)
Depletion and amortization	**(11,503,275)**	(11,779,023)
	$ (54,413,545)	$ (50,114,186)

[1] Includes salaries and other short-term benefits, contractor charges, energy, consumables, and other production-related costs
[2] Includes in-land transportation, storage, and security costs of concentrate prior to loading onto the vessel

(Expressed in United States Dollars)

17. INTEREST AND FINANCE COSTS, NET

	Note		Year ended December 31, 2024		2023
Interest on loans and borrowing	9	**$**	**(2,559,173)**	$	(1,972,147)
Accretion expenses			**(332,552)**		(318,019)
Interest and other expenses			**(30,930)**		(112,221)
		$	**(2,922,655)**	$	(2,402,387)

18. LOSS PER SHARE

		Year ended December 31, 2024		2023
Net loss attributable to equity holders	**$**	**(17,127,742)**	$	(5,666,727)
Weighted average number of shares		**121,286,185**		121,286,185
Dilutive effect of stock options(1)		**-**		-
Diluted weighted average number of shares		**121,286,185**		121,286,185
Basic income (loss) per share(2)	**$**	**(0.14)**	$	(0.05)
Diluted income (loss) per share(2)	**$**	**(0.14)**	$	(0.05)

(1) Amounts are Nil for periods with basic loss per share, as the effects would be anti-dilutive
(2) Attributable to equity holders of the Company

19. NON-CONTROLLING INTERESTS

		MINER
Ownership %		90%
As at January 1, 2023	$	4,063,007
Dividend declared by subsidiary		(631,931)
Net loss and comprehensive loss		(110,426)
As at December 31, 2023		3,320,650
Dividend declared by subsidiary		**(874,106)**
Net loss and comprehensive loss		**(1,547,799)**
As at December 31, 2024	**$**	**898,745**

Summarized financial information about MINER is as follows:

		Year ended December 31, 2024		2023
Current assets	**$**	**22,059,082**	$	29,240,355
Non-current assets		**26,158,267**		37,384,887
Current liabilities		**32,313,887**		19,678,496
Non-current liabilities		**6,916,007**		13,740,243
Net loss and comprehensive loss	**$**	**(15,477,990)**	$	(1,104,260)

(Expressed in United States Dollars)

20. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions (included in general and administrative expenses and share-based payments) and outstanding balances relating to key management personnel were as follows:

Year ended December 31, 2024		**Salary or fees**		**Share-based payments**		**Total**
Management	**$**	**1,206,259**	**$**	**211,868**	**$**	**1,418,127**
Directors		**137,752**		**77,532**		**215,284**
	$	**1,344,011**	**$**	**289,400**	**$**	**1,633,411**

Year ended December 31, 2023		Salary or fees		Share-based payments		Total
Management	$	1,173,679	$	142,676	$	1,316,355
Directors		138,000		117,314		255,314
Seabord Services Corp.		159,285		-		159,285
	$	1,470,964	$	259,990	$	1,730,954

As at December 31, 2024, the Company had $701,485 (December 31, 2023 - $636,049) due to directors and management related to remuneration and performance-based remuneration, which have been included in accounts payable and accrued liabilities.

Seabord Management Corp. (“Seabord”) is a management services company which was controlled by a director under a management services agreement dated July 1, 2011, and amended on September 1, 2020, through January 1, 2024. Under this agreement, Seabord provides the Company with corporate secretarial services, accounting staff, administrative staff, and office space. The Corporate Secretary and the accounting and administrative staff are employees of Seabord and are not paid directly by the Company.

21. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Changes in non-cash working capital

	Year ended December 31,			
		2024		2023
Receivables	**$**	**842,637**	$	(2,435,340)
Inventories		**977,405**		(1,689,962)
Prepaid expenses and deposits		**346,519**		65,194
Accounts payable and accrued liabilities		**(2,439,028)**		2,618,487
Net change in non-cash w orking capital	**$**	**(272,467)**	$	(1,441,621)

Significant non-cash investing and financing activities

During the year ended December 31, 2024, the Company:

a) reallocated mineral property depletion of $1,765,492 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
b) reallocated mineral property depletion of $2,858,264 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
c) recorded $667,089 of increases in decommissioning and restoration provision; and
d) recorded $1,608,214 of right-of-use assets and lease liabilities.

During the year ended December 31, 2023, the Company:

a) reallocated mineral property depletion of $2,858,264 to the carrying amount of ore stockpile and metals concentrate inventories produced but not yet sold at the reporting date;
b) reallocated mineral property depletion of $2,819,826 previously recognized in carrying amounts of metals concentrate inventories sold to cost of sales;
c) derecognized $938,578 of ROU assets and lease liabilities which expired or were cancelled;
d) recorded $229,008 of increases in decommissioning and restoration provision; and
e) recorded $294,766 of right-of-use assets and lease liabilities.

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the business and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern.

As of December 31, 2024, the Company has arrangements for unsecured credit facilities to borrow up to an additional $400,000 with a number of Colombian banks, including Banco Davivienda S.A, Banco Popular, and Bancolombia.

In addition, as part of the off-take agreement with the customer, the Company has been provided an inventory facility. Any amount advanced by the customer carries annual interest based on SOFR plus 4.5% from the date of advance until the date of the payment on provisional invoice has been made.

Furthermore, the Company considers components of equity and debt as part of its capital. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The cash flow generated from mining operations will be insufficient to repay the Company's existing loans and borrowings entirely at maturity. Consequently, the Company must secure additional funds through debt or equity financing, or otherwise, to meet these obligations, or negotiate to amend or extend their terms. The Company is not subject to externally imposed capital requirements other than disclosed in notes 9, 24 and 26. There has been no change to the Company's approach on capital management for the years presented.

23. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	Fair value hierarchy	**December 31, 2024**	December 31, 2023
Financial assets - amortized cost:			
Cash		**$ 3,055,305**	$ 8,298,367
Other receivables		**96,882**	68,856
Financial assets - fair value through profit or loss:			
Trade receivables	Level 2	**5,183,614**	4,896,950
Derivative assets	Level 2	**27,832**	-
Financial liabilities - amortized cost:			
Accounts payable and accrued liabilities		**9,390,052**	12,777,376
Payable for acquisition of non-controlling interest		**-**	1,000,000
Loans payable		**24,884,674**	25,930,374
Lease liabilities		**1,507,621**	698,328
Financial liabilities - fair value through profit or loss:			
Derivative liabilities	Level 2	**54,564**	92,920
Provision for restricted share units	Level 2	**153,444**	94,005

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; (b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and (c) Level 3 - Inputs for assets and liabilities that are not based on observable market data. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of cash, other receivables (excluding trade receivables from provisional sales of metals concentrate), and accounts payable and accrued liabilities, approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's loans payable are approximated by their carrying values as their interest rates are comparable to current interest rates.

Trade receivables from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The Company's exercise price of its RSUs and conversion price on the convertible debentures are denominated in Canadian dollars or at a set exchange rate. The trade receivables from sales of metals concentrate and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

(Expressed in United States Dollars)

23. FINANCIAL INSTRUMENTS (cont'd…)

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, liquidity risk, currency risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

Metal price risk

The Company is exposed to metals price risk given that its revenues are derived from the sale of metals through its metals concentrate products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's mineral property may be adversely affected by fluctuations in metals prices. For concentrate sold during the year ended December 31, 2024, a 10% change in copper and gold prices would result in an increase/decrease of approximately $5,391,000 and $1,881,000, respectively in the Company's pre-tax income or loss on an annualized basis, respectively.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian, international and foreign national financial institutions. All of the Company's trade receivables from concentrate sales are held with a large international metals trading company. The Company mitigates this risk by transacting only with reputable financial institutions and requiring provisional payments of 90% of the value of the concentrate shipped to a single well-known buyer. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company believes it is not exposed to significant credit risk and overall, the Company's credit risk has not declined significantly from the prior year.

Interest rate risk

The Company is exposed to interest rate risk on its variable rate debt facilities. Variable interest rates are based on the SOFR plus a fixed-margin. The Company does not enter into derivative contracts to manage this risk. As at December 31, 2024, a 10% change in SOFR and/or LIBOR would result in an increase/decrease of approximately $455,000 in the Company's pre-tax income or loss on an annualized basis based on the loan and credit facilities used.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed liabilities. The maturities of the Company's non-current liabilities are disclosed in Notes 9, 10, and 11. All current liabilities are settled within one year.

As at December 31, 2024, the Company expects the following maturities of its financial liabilities, lease obligations, and other contractual commitments, excluding payments relating to interest:

	Less than 1 year	1 - 2 years	More than 2 years	Total
Accounts payable and accrued liabilities	$ 10,439,053	$ -	-	$ 10,439,053
Loans and borrowings	17,834,674	7,050,000	-	24,884,674
Derivatives	54,564	-	-	54,564
Provision for restricted share units	74,497	66,505	12,442	153,444
Lease liabilities	739,612	890,009	-	1,629,621
Decommissioning and restoration provision	1,483,384	570,983	1,192,717	3,247,084
Arbitration award payable (1)	4,671,399	8,485,827	-	13,157,226
	$ 35,297,183	$ 17,063,324	$ 1,205,159	$ 53,565,666

(1) See Note 24.

Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Colombia and incurs expenditures in currencies other than the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. Based on the Company's net exposure, as at December 31, 2024, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar, Peruvian nuevo sol, and Colombian peso would result in an increase/decrease of approximately $645,000 in the Company's pre-tax income or loss.

24. CONTINGENCY AND COMMITMENT

Royalty Arbitration

In 2015, the Company's operating subsidiary, Minera El Roble S.A. ("MINER"), received a notice of claim from the mining authority (the "National Mining Agency") in Colombia requesting payment of royalties related to past copper production. The Company disputed this claim, maintaining that it has complied with the royalty payments due and called for under the mining contract for the El Roble property. In 2017, the National Mining Agency in Colombia submitted a claim for $5 million (up from $2 million) plus additional interest and fees. The Company defended itself against this action before the Administrative Tribunal of Cundinamarca. The National Mining Agency updated the claim amount to COP$87.9 billion (approximately $19.9 million) for all royalties in dispute up to December 2021, and in June 2022, to COP$101.2 billion (approximately $23.0 million) for all royalties in dispute up to January 23, 2022, the expiry date of the mining contract. Such amounts excluded indexation and related late payment interest.

On December 29, 2021, the Company entered into an agreement (the "Agreement") with the National Mining Agency to resolve the ongoing royalty dispute. This allowed the Company to be recognized as being formally in good standing with the National Mining Agency, enabling the Company to apply for a new mining contract and related title for the El Roble property which expired on January 23, 2022. The Agreement required the Company and the National Mining Agency to seek a resolution to the royalty dispute through binding arbitration at the Center for Arbitration and Conciliation of the Bogota Chamber of Commerce for the purposes of seeking an expedited resolution to the ongoing claim.

Additionally, as part of the Agreement, the Company entered a five-year Payment Plan with the National Mining Agency, which was amended in June 2022, to pay for the disputed royalties in biannual instalments for a total amount of COP$101.2 billion (approximately $23.0 million) plus interest at a 6% annual rate (in aggregate of COP$120.2 billion or approximately $27.3 million) with the following payment schedule: initial upfront payment of COP$3,800,000,000 (paid in 2021), followed by COP$15,130,315,236 (paid in 2022), COP$15,301,117,051 (paid in 2023), COP$7,996,308,155 (paid in May 2024), COP$7,850,738,753 (paid in November 2024), COP$26,501,243,006 (approximately $6.0 million) in year 2025 and COP$43,672,690,093 (approximately $9.9 million) in year 2026. The total amount under the Payment Plan represents all outstanding royalties which the National Mining Agency has claimed through to the expiry date of the mining contract. As of December 31, 2024, the Company had made payments for COP$50 billion ($11.3 million) under this Payment Plan. As security for the Payment Plan, the Company pledged one real estate property located in Colombia in addition to granting a rotating pledge over metal concentrate inventory. The security is being released proportionally as payments are being made in accordance with the payment schedule and the security may be substituted at a later date.

The parties agreed to this interim arrangement until a final arbitration decision was made. The ensuing arbitration proceedings concluded with the final evidentiary hearing held on December 19, 2024, during which the concluding arguments of the parties were presented to the Tribunal. The Tribunal issued its final decision (the "Award") on March 7, 2025, ordering MINER to back pay copper royalties since 1994. On April 9, 2025, the Tribunal clarified that the payment of the Award be made within the timeframe outlined in the Payment Plan, and that both MINER and the National Mining Agency are responsible for adjusting the Payment Plan to account for the Award and for previous payments made by MINER under the Payment Plan.

The Award resulted in a total pre-tax loss of $24,515,080, recognized in the Company's consolidated statements of loss and comprehensive loss for the year ended December 31, 2024. The Company has been recording an arbitration asset (Note 5) for all cumulative payments made under the Payment Plan which amounted to $11,357,854 (COP$50 billion) on December 31, 2024. After adjusting for inflation and interest, this amount has been offset against the Award, resulting in a net liability of $13,157,226 (COP$58 billion) owing to the National Mining Agency as of December 31, 2024. Of this amount, $4,671,399 is classified as a current liability and $8,485,827 as a non-current liability. The liability amount may be subject to change pending the revisions to the Payment Plan by the National Mining Agency and MINER as required by the Tribunal. As payments are made under the Payment Plan, the Company intends to use the proceeds from the sale of the pledged concentrate to substantially reduce its liabilities.

The Company continues to work towards obtaining a new contract to renew title for the operating mine. The Company has been allowed to continue operating while the process for the contract and title renewal continues. There is no assurance the renewal will be obtained.

Other Claims

In the ordinary course of business, the Company may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Company does not believe that the ultimate outcome of these and any outstanding matters will have a material effect upon our financial position, results of operations or cash flows.

25. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties. Results of operating segments are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment. The Company's reportable segments for 2024 include its mining operations at El Roble ("El Roble mine"), E&E activities at El Roble ("El Roble E&E") and E&E activities at CMLP ("La Plata E&E"). Corporate and other includes activities which provide administrative, technical, financial, and other support to the Company's business units. Total assets and liabilities do not reflect intercompany balances, which have been eliminated on consolidation. As at December 31, 2024 and 2023, the Company had one external customer comprising of a single off-take agreement for metals concentrate produced at the El Roble mining property.

(Expressed in United States Dollars)

The Company's segments are summarized in the following tables:

Year ended December 31, 2024	**El Roble mine**	**El Roble E&E**	**La Plata E&E**	**Corporate and other**	**Total**
Revenues from external customers	**$ 68,455,363**	**$ -**	**$ -**	**$ -**	**$ 68,455,363**
Cost of sales	**(54,413,545)**	**-**	**-**	**-**	**(54,413,545)**
General and administrative expenses	**(3,168,922)**	**-**	**-**	**(2,566,106)**	**(5,735,028)**
Share-based payments	**-**	**-**	**-**	**(360,744)**	**(360,744)**
Segment income (loss) from operations	**$ 10,872,896**	**$ -**	**$ -**	**$ (2,926,850)**	**$ 7,946,046**
Capital additions[1]					
Mineral property	**$ 4,213,826**	**$ 889,763**	**$ 3,632,540**	**$ -**	**$ 8,736,129**
Plant and equipment	**2,596,673**	**-**	**-**	**-**	**2,596,673**
As at December 31, 2024					
Total assets	**$ 37,398,945**	**$ 15,565,601**	**$ 44,759,017**	**$ 1,555,315**	**$ 99,278,878**
Total liabilities	**39,229,894**	**-**	**20,466**	**18,594,036**	**57,844,396**

Year ended December 31, 2023	El Roble mine	El Roble E&E	La Plata E&E	Corporate and other	Total
Revenues from external customers	$ 57,543,646	$ -	$ -	$ -	$ 57,543,646
Cost of sales	(50,114,186)	-	-	-	(50,114,186)
General and administrative expenses	(3,084,665)	-	-	(2,730,810)	(5,815,475)
Impairment of mineral properties	-	(5,697,284)	-	-	(5,697,284)
Share-based payments	-	-	-	(329,161)	(329,161)
Segment income (loss) from operations	$ 4,344,795	$ (5,697,284)	$ -	$ (3,059,971)	$ (4,412,460)
Capital additions[1]					
Mineral property	$ 2,242,926	$ 2,369,113	$ 5,501,002	$ -	$ 10,113,041
Plant and equipment	1,263,785	-	-	-	1,263,785
As at December 31, 2023					
Total assets	$ 58,035,337	$ 14,675,838	$ 41,162,703	$ 1,316,369	$ 115,190,247
Total liabilities	35,641,850	-	212,303	18,544,177	54,398,330

[1] Capital additions in the above table represent capital additions on an accrual basis. Expenditures on mineral properties, plant and equipment in the consolidated statements of cash flows represent capital expenditures on a cash basis which excludes non-cash additions.

26. EVENTS AFTER REPORTING DATE

On March 7, 2025, the Arbitration Tribunal issued the Award (Note 24)

On April 8, 2025, the Company entered into an agreement with Trafigura PTE. LTD. (the "Lender") to amend the $10,000,000 credit agreement originally executed in February 2022 and previously amended in August 2024. Pursuant to the terms of this amendment, the principal repayment schedule has been revised as follows:

1. $650,000 due on January 31, 2025 (PAID);
2. $650,000 due on April 30, 2025; and
3. $8,700,000 due on June 30, 2025

In the amendment agreement, the Lender also waived events of default that in the opinion of the Lender have occurred and caused a material adverse effect to the Company. For added security for the Lender, the Company has also agreed to pledge metal concentrate produced at the El Roble property, whether existing and to be produced (that is not pledged in favour of the National Mining Agency), until the credit facility is fully repaid.