**ATICO MINING CORPORATION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited - Expressed in United States Dollars)**

**For the three and nine months ended September 30, 2024 and 2023**

**ATICO MINING CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)
As at September 30, 2024 and December 31, 2023

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ **5,835,027** | $ 8,298,367 |
| Receivables (Note 3) | **7,542,126** | 9,404,933 |
| Inventories (Note 4) | **11,901,428** | 14,046,094 |
| Other assets (Note 5) | **421,232** | 639,272 |
| **Total current assets** | **25,699,813** | 32,388,666 |
| **Non-current assets** | | |
| Other assets (Note 5) | **10,140,640** | 8,956,302 |
| Mineral properties (Note 6) | **69,599,448** | 67,889,127 |
| Plant and equipment (Note 7) | **4,950,631** | 5,956,152 |
| **Total non-current assets** | **84,690,719** | 82,801,581 |
| **TOTAL ASSETS** | **$ 110,390,532** | $ 115,190,247 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Notes 8, 19) | $ **9,963,482** | $ 12,777,376 |
| Loans and borrowings (Note 9) | **7,997,895** | 19,959,310 |
| Other liabilities (Note 10) | **89,299** | 1,134,685 |
| Lease liabilities (Note 11) | **749,785** | 572,617 |
| **Total current liabilities** | **18,800,461** | 34,443,988 |
| **Non-current liabilities** | | |
| Loans and borrowings (Note 9) | **14,147,527** | 5,971,064 |
| Other liabilities (Note 10) | **88,224** | 52,240 |
| Lease liabilities (Note 11) | **915,231** | 125,711 |
| Decommissioning and restoration provision (Note 12) | **2,494,247** | 2,815,297 |
| Deferred income tax liabilities | **13,344,815** | 10,990,030 |
| **Total non-current liabilities** | **30,990,044** | 19,954,342 |
| **Total liabilities** | **49,790,505** | 54,398,330 |
| **EQUITY** | | |
| Share capital (Note 13) | **43,690,353** | 43,690,353 |
| Reserves | **5,880,786** | 5,732,939 |
| Retained earnings | **8,211,739** | 8,047,975 |
| **Total equity attributable to equity holders of the Company** | **57,782,878** | 57,471,267 |
| Non-controlling interests (Note 18) | **2,817,149** | 3,320,650 |
| **Total equity** | **60,600,027** | 60,791,917 |
| **TOTAL LIABILITIES AND EQUITY** | **$ 110,390,532** | $ 115,190,247 |

**Nature of operations and going concern** (Note 1)
**Contingency and commitment** (Note 23)

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 19, 2024.

**Approved by the Board of Directors**

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

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

**ATICO MINING CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in United States Dollars)
For the three and nine months ended September 30, 2024 and 2023

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Sales** (Note 14) | **$ 24,599,601** | $ 15,279,950 | **$ 53,278,183** | $ 40,291,278 |
| **Cost of sales** (Note 15) | **(18,835,153)** | (13,225,475) | **(42,160,124)** | (35,201,774) |
| **Income from mining operations** | **5,764,448** | 2,054,475 | **11,118,059** | 5,089,504 |
| General and administrative expenses | **(1,482,276)** | (1,476,254) | **(4,399,063)** | (4,395,334) |
| Share-based payments (Note 13) | **(87,564)** | (110,043) | **(340,457)** | (255,874) |
| **Income from operations** | **4,194,608** | 468,178 | **6,378,539** | 438,296 |
| Interest and finance costs, net (Note 16) | **(696,670)** | (616,115) | **(2,205,572)** | (1,891,961) |
| Fair value adjustment on derivative instruments, net (Note 5) | **451,290** | 70,443 | **119,732** | 70,443 |
| Realized loss on derivative instruments, net (Note 5) | **(511,809)** | - | **(1,324,786)** | - |
| Foreign exchange gain (loss) | **405,196** | 409,914 | **(113,128)** | 977,156 |
| **Income (loss) before income taxes** | **3,842,615** | 332,420 | **2,854,785** | (406,066) |
| Current income tax expense | **(360,801)** | (1,337,107) | **(134,811)** | (1,749,119) |
| Deferred income tax (expense) recovery | **(2,325,629)** | (58,714) | **(2,354,334)** | 647,154 |
| **Net income (loss) and comprehensive income (loss)** | **$ 1,156,185** | $ (1,063,401) | **$ 365,640** | $ (1,508,031) |
| Net income (loss) and comprehensive income (loss) attributable to: | | | | |
| Equity holders of Atico Mining Corporation (Note 17) | **$ 1,104,177** | $ (1,073,650) | **$ 163,764** | $ (1,710,594) |
| Non-controlling interests (Note 18) | **52,008** | 10,249 | **201,876** | 202,563 |
| | **$ 1,156,185** | $ (1,063,401) | **$ 365,640** | $ (1,508,031) |
| Basic and diluted income (loss) per share (Note 17) | **$ 0.01** | $ (0.01) | **$ 0.00** | $ (0.01) |
| Weighted average no. of shares outstanding - basic and diluted (Note 17) | **121,286,185** | 121,286,185 | **121,286,185** | 121,286,185 |

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

**ATICO MINING CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)
For the three and nine months ended September 30, 2024 and 2023

| Cash provided by (used in) | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net income (loss) | **$ 1,156,185** | $ (1,063,401) | **$ 365,640** | $ (1,508,031) |
| Items not affecting cash: | | | | |
| Depletion, depreciation and amortization | **3,816,013** | 3,252,500 | **9,132,189** | 8,645,660 |
| Share-based payments | **87,564** | 110,043 | **340,457** | 255,874 |
| Accretion of lease liabilities | **15,624** | 17,696 | **35,062** | 53,365 |
| Accretion of decommissioning and restoration provision | **68,623** | 66,509 | **205,869** | 199,525 |
| Interest expense | **608,443** | 492,823 | **1,928,889** | 1,558,892 |
| Change in fair value of derivatives | **(451,290)** | (70,443) | **(119,732)** | (70,443) |
| Realized loss on derivative instruments, net | **511,809** | - | **1,324,786** | - |
| Deferred income tax expense (recovery) | **2,325,629** | 58,714 | **2,354,334** | (647,154) |
| Unrealized foreign exchange loss (gain) | **(25,178)** | (208,951) | **866,584** | (793,551) |
| | **8,113,422** | 2,655,490 | **16,434,078** | 7,694,137 |
| Changes in non-cash operating working capital items (Note 20) | **801,655** | (593,977) | **163,286** | (2,937,053) |
| | **8,915,077** | 2,061,513 | **16,597,364** | 4,757,084 |
| **Investing activities** | | | | |
| Expenditures on mineral properties | **(1,789,034)** | (2,388,807) | **(6,410,928)** | (8,163,748) |
| Acquisition of plant and equipment | **(278,172)** | (34,521) | **(626,376)** | (652,443) |
| Acquisition of non-controlling interests | **(1,000,000)** | (1,000,000) | **(1,000,000)** | (1,000,000) |
| Expenditures on reclamation activities | **(133,225)** | (114,343) | **(592,754)** | (306,836) |
| Settlements of derivative instruments | **(511,809)** | - | **(1,324,786)** | - |
| Payment to the National Mining Agency | **-** | - | **(2,052,751)** | (1,669,184) |
| | **(3,712,240)** | (3,537,671) | **(12,007,595)** | (11,792,211) |
| **Financing activities** | | | | |
| Loans payable withdrawn, net of financing costs | **1,500,000** | 4,000,000 | **7,480,000** | 9,500,000 |
| Loans payable repaid | **(4,640,000)** | (3,000,000) | **(11,040,000)** | (8,206,667) |
| Payments on lease liabilities | **(212,859)** | (179,207) | **(601,628)** | (548,583) |
| Interest paid | **(648,728)** | (372,341) | **(2,153,841)** | (1,110,968) |
| Dividend paid to non-controlling interests | **(448,207)** | (219,553) | **(705,377)** | (424,858) |
| | **(4,449,794)** | 228,899 | **(7,020,846)** | (791,076) |
| Effect of exchange rate changes on cash | **26,269** | (5,694) | **(32,263)** | 20,692 |
| **Change in cash** | **779,312** | (1,252,953) | **(2,463,340)** | (7,805,511) |
| **Cash, beginning of period** | **5,055,715** | 8,678,277 | **8,298,367** | 15,230,835 |
| **Cash, end of period** | **$ 5,835,027** | $ 7,425,324 | **$ 5,835,027** | $ 7,425,324 |

**Supplemental disclosure with respect to cash flows** (Note 20)

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

**ATICO MINING CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States Dollars)
For the three and nine months ended September 30, 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** | **$** | **60,791,917** |
| Share-based payments | **-** | | **-** | | **147,847** | | **-** | | **-** | | **147,847** |
| Dividend declared by subsidiary | **-** | | **-** | | **-** | | **(705,377)** | | **-** | | **(705,377)** |
| Net income (loss) and comprehensive income (loss) | **-** | | **-** | | **-** | | **201,876** | | **163,764** | | **365,640** |
| Balance as at September 30, 2024 | **121,286,185** | **$** | **43,690,353** | **$** | **5,880,786** | **$** | **2,817,149** | **$** | **8,211,739** | **$** | **60,600,027** |

| | 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 | - | | - | | 182,567 | | - | | - | | 182,567 |
| Dividend declared by subsidiary | - | | - | | - | | (424,858) | | - | | (424,858) |
| Net income (loss) and comprehensive income (loss) | - | | - | | - | | 202,563 | | (1,710,594) | | (1,508,031) |
| Balance as at September 30, 2023 | 121,286,185 | $ | 43,690,353 | $ | 5,662,238 | $ | 3,840,712 | $ | 12,004,108 | $ | 65,197,411 |

The accompanying notes are an integral part of these condensed interim 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, in a plan of arrangement, 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. While the Company maintains it has complied with the royalty payments due and called for under the mining contract for the El Roble mining property, this agreement allows for the Company to be recognized as being formally in good standing with the National Mining Agency ("NMA"), enabling the Company to apply for a new mining contract on the property. The mining contract and related title expired on January 23, 2022, where the Company has been allowed to continue operating while the process for the contract and title renewal continues. The Company and the National Mining Agency agreed to settle the royalty dispute via 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. In addition, the Company entered into a five-year payment plan (the "Payment Plan"), amended in June 2022, payable in biannual instalments for a total amount of COP$101,217,832,270 (approximately $24.3 million) plus interest at a 6% annual rate. To the extent that a final ruling is made in favor of the Company, the payment plan will cease, and any amounts already paid are to be reimbursed to the Company or offset against future royalty obligations (Note 23).

While to date the NMA has allowed continued operation of El Roble, in the event that title renewal is not extended, operations of El Roble would cease, and related assets would be impaired. This material uncertainty 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with Accounting Standards applicable to preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements follow the same accounting policy information and methods of application as the Company's most recent annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2023. Certain comparatives have been reclassified to the current period's presentation.

Certain new accounting standards have been amended effective January 1, 2024. The Company has evaluated these standards and determined that they are not expected to have a significant effect on its financial statements.

*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 has assessed and concluded that the new accounting standards will not have a significant effect on the Company's interim financial statements. The Company will defer implementation until the effective date.

(Expressed in United States Dollars)

## 3. RECEIVABLES

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Trade receivables | $ | **3,203,041** | $ | 4,896,950 |
| GST/VAT and other taxes recoverable | | **1,908,528** | | 2,943,119 |
| Income tax instalments, net | | **2,337,995** | | 1,496,008 |
| Other receivables | | **92,562** | | 68,856 |
| | $ | **7,542,126** | $ | 9,404,933 |

As at September 30, 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 September 30, 2024 and December 31, 2023, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at September 30, 2024 and December 31, 2023 was $Nil.

## 4. INVENTORIES

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Consumable parts and supplies | $ | **3,215,248** | $ | 3,280,373 |
| Ore stockpiles | | **67,840** | | 148,327 |
| Metals concentrate(1) | | **8,618,340** | | 10,617,394 |
| | $ | **11,901,428** | $ | 14,046,094 |

(1) As at September 30, 2024 and December 31, 2023, all of the metals concentrate in inventories was pledged as security in connection to the agreement between the Company and the National Mining Agency (Note 23). The security is released proportionally as payments are made in accordance with the payment schedule and may be substituted at a later date.

## 5. OTHER ASSETS

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Prepaid expenses and deposits | $ | **395,614** | $ | 639,272 |
| Derivative assets | | **25,618** | | - |
| National Mining Agency arbitration asset(1) (Note 23) | | **10,140,640** | | 8,956,302 |
| | | **10,561,872** | | 9,595,574 |
| Less: current portion | | **421,232** | | 639,272 |
| Non-current portion | $ | **10,140,640** | $ | 8,956,302 |

(1) The Company is recording an arbitration asset for all payments made under the Payment Plan (Note 23).

### 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 nine months ended September 30, 2024, the Company recognized a positive net fair value adjustment of $119,732 (2023 - $70,443) on its derivative instruments, and a net realized loss of $1,324,786 (2023 - $Nil) on the settlement of its derivative instruments.

(Expressed in United States Dollars)

**5. OTHER ASSETS** (cont'd…)

*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 September 30, 2024, the Company had outstanding forward arrangements to convert $2,021,000 (December 31, 2023 - $Nil) into Colombian pesos at the negotiated exchange rates over the next 2 months, resulting in a net asset carrying amount of $25,618 (December 31, 2023 - $Nil). During the nine months ended September 30, 2024, the Company had a net realized loss of $7,252 (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 September 30, 2024, the Company had no outstanding sale arrangements resulting in a net liability carrying amount of $Nil (December 31, 2023 - $92,920). During the nine months ended September 30, 2024, the Company had a net realized loss of $1,317,534 (2023 - $Nil) on the settlement of its commodity derivative arrangements.

**6. MINERAL PROPERTIES**

| | 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 (Note 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 | **2,893,224** | **696,154** | **2,821,550** | **6,410,928** |
| Change in estimated provision (Note 12) | **65,835** | **-** | **-** | **65,835** |
| As at September 30, 2024 | **$ 79,567,123** | **$ 15,371,992** | **$ 43,948,027** | **$ 138,887,142** |
| **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 | **4,766,442** | **-** | **-** | **4,766,442** |
| As at September 30, 2024 | **$ 69,287,694** | **$ -** | **$ -** | **$ 69,287,694** |
| **Net book value** | | | | |
| As at December 31, 2023 | $ 12,086,812 | $ 14,675,838 | $ 41,126,477 | $ 67,889,127 |
| As at September 30, 2024 | **$ 10,279,429** | **$ 15,371,992** | **$ 43,948,027** | **$ 69,599,448** |

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 September 30, 2024.

(Expressed in United States Dollars)

## 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 | **292,679** | **374,588** | **1,544,783** | **2,212,050** |
| As at September 30, 2024 | **$ 25,318,357** | **$ 19,715,723** | **$ 5,748,927** | **$ 50,783,007** |
| **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 | **2,358,659** | **305,518** | **553,394** | **3,217,571** |
| As at September 30, 2024 | **$ 22,959,557** | **$ 18,744,376** | **$ 4,128,443** | **$ 45,832,376** |
| **Net book value** | | | | |
| As at December 31, 2023 | $ 4,424,780 | $ 902,277 | $ 629,095 | $ 5,956,152 |
| As at September 30, 2024 | **$ 2,358,800** | **$ 971,347** | **$ 1,620,484** | **$ 4,950,631** |

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Trade and other payables | **$ 5,958,347** | $ 9,446,078 |
| Payables to non-controlling interest of MINER | **-** | 64,867 |
| Payroll and related liabilities | **2,040,174** | 1,575,629 |
| Accrued liabilities | **1,964,961** | 1,690,802 |
| | **$ 9,963,482** | $ 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 | **7,480,000** | **-** | **-** | **7,480,000** |
| Interest expense | **412,221** | **991,115** | **525,553** | **1,928,889** |
| Repayments - principal | **(11,040,000)** | **-** | **-** | **(11,040,000)** |
| Repayments - interest | **(494,844)** | **(1,203,997)** | **(455,000)** | **(2,153,841)** |
| As at September 30, 2024 | **$ 6,010,484** | **$ 9,979,571** | **$ 6,155,367** | **$ 22,145,422** |
| Less: current portion | **6,010,484** | **1,987,411** | **-** | **7,997,895** |
| Non-current portion | **$ -** | **$ 7,992,160** | **$ 6,155,367** | **$ 14,147,527** |

**9. LOANS AND BORROWINGS** (cont'd…)

**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 21). 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 nine months ending September 30, 2024.

In the nine months ended September 30, 2024, the Company entered into loan agreements with Colombian banks totaling $7,480,000, which carried interest rates at SOFR plus a range from 1.35% to 1.80% per annum. $1,640,000 was repaid in the nine months ending September 30, 2024.

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 September 30, 2024 and December 31, 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.

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 Oct 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.

**Convertible debentures**

In December 2020, the Company entered into an unsecured convertible debenture arrangement with Dundee Corporation ("Dundee") for principal balance of $6,500,000, which carries an interest rate of 7.0% per annum payable quarterly for five years. 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.

(Expressed in United States Dollars)

## 10. OTHER LIABILITIES

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Derivative liabilities (Note 5) | $ - | $ 92,920 |
| Provision for restricted share units (Note 13) | 177,523 | 94,005 |
| Acquisition of CMLP non-controlling interest (Note 6) | - | 1,000,000 |
| | 177,523 | 1,186,925 |
| Less: current portion | 89,299 | 1,134,685 |
| Non-current portion | $ 88,224 | $ 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%.

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Not later than one year | $ 839,948 | $ 550,630 |
| Later than one year and not later than five years | 975,658 | 171,199 |
| Later than five years | - | - |
| Total minimum lease payments | 1,815,606 | 721,829 |
| Future finance charges at implicit rate | (150,590) | (23,501) |
| Present value of minimum lease payments | 1,665,016 | 698,328 |
| Less: current portion | 749,785 | 572,617 |
| Non-current portion | $ 915,231 | $ 125,711 |

## 12. DECOMMISSIONING AND RESTORATION PROVISION

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Opening balance | $ 2,815,297 | $ 2,728,563 |
| Settlements | (592,754) | (408,309) |
| Change in estimate | 65,835 | 229,008 |
| Accretion expense | 205,869 | 266,035 |
| | $ 2,494,247 | $ 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 September 30, 2024 were $3,412,002 (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. SHARE CAPITAL

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

**Issued share capital**

During the nine months ended September 30, 2024 and 2023, the Company issued Nil common shares.

(Expressed in United States Dollars)

**13. SHARE CAPITAL** (cont'd…)

**Restricted share units**

The continuity of restricted share units ("RSUs") for the nine months ended September 30, 2024 are as follows:

| | Outstanding |
|---|---|
| As at January 1, 2023 | 584,732 |
| Granted | 2,725,136 |
| Expired | (244,348) |
| As at December 31, 2023 | 3,065,520 |
| Granted | **2,452,211** |
| Vested | **(734,666)** |
| As at September 30, 2024 | **4,783,065** |

As at September 30, 2024, the weighted average remaining life of the RSUs outstanding was 2.14 (December 31, 2023 – 2.16) years with vesting periods of 36 months. The Company's outstanding RSUs as at September 30, 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 nine months ended September 30, 2024 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 | **(2,284,906)** | **0.29** |
| As at September 30, 2024 | **12,117,487** | **$ 0.39** |

As at September 30, 2024, the weighted average remaining life of the stock options outstanding is 2.28 (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 September 30, 2024 are as follows:

| Expiry date | Exercise price (C$) | Outstanding | Exercisable |
|---|---|---|---|
| October 7, 2024[1] | 0.34 | 1,420,258 | 1,420,258 |
| 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 05, 2029 | 0.17 | 2,346,811 | - |

[1] Expired unexercised after quarter-end.

(Expressed in United States Dollars)

## 13. SHARE CAPITAL (cont'd…)

**Share-based payments and share-based payment reserve**

During the nine months ended September 30, 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: | **September 30, 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 $340,457 (2023 - $255,874) with an offsetting credit of $147,847 (2023 - $182,567) to the share-based payments reserve and $192,610 (2023 - $73,307) to the provision, respectively, during the nine months ended September 30, 2024.

## 14. SALES

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| Metals concentrate sold | **$ 24,493,624** | $ 15,119,638 | **$ 53,715,301** | $ 40,260,215 |
| Provisional pricing adjustments | **105,977** | 160,312 | **(437,118)** | 31,063 |
| | **$ 24,599,601** | $ 15,279,950 | **$ 53,278,183** | $ 40,291,278 |

## 15. COST OF SALES

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| Direct mining and processing costs[1] | **$ (12,911,498)** | $ (8,631,692) | **$ (28,267,517)** | $ (22,802,003) |
| Royalties | **(1,308,399)** | (720,300) | **(2,982,762)** | (2,282,095) |
| Selling expense[2] | **(849,853)** | (676,338) | **(1,957,723)** | (1,646,822) |
| Depletion and amortization | **(3,765,403)** | (3,197,145) | **(8,952,122)** | (8,470,854) |
| | **$ (18,835,153)** | $ (13,225,475) | **$ (42,160,124)** | $ (35,201,774) |

[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

## 16. INTEREST AND FINANCE COSTS, NET

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| Interest on loans and borrowings (Note 9) | **$ (608,443)** | $ (492,823) | **$ (1,928,889)** | $ (1,558,892) |
| Accretion expenses | **(84,247)** | (84,205) | **(240,931)** | (252,891) |
| Interest and other expenses | **(3,980)** | (39,087) | **(35,752)** | (80,178) |
| | **$ (696,670)** | $ (616,115) | **$ (2,205,572)** | $ (1,891,961) |

(Expressed in United States Dollars)

## 17. EARNINGS (LOSS) PER SHARE

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Net income (loss) attributable to equity holders | **$ 1,104,177** | $ (1,073,650) | **$ 163,764** | $ (1,710,594) |
| Weighted average number of shares | **121,286,185** | 121,286,185 | **121,286,185** | 121,286,185 |
| Dilutive effect of stock options(1) | **-** | - | **-** | - |
| Diluted weighted average number of shares | **121,286,185** | 121,286,185 | **121,286,185** | 121,286,185 |
| Basic income (loss) per share(2) | **$ 0.01** | $ (0.01) | **$ 0.00** | $ (0.01) |
| Diluted income (loss) per share(2) | **$ 0.01** | $ (0.01) | **$ 0.00** | $ (0.01) |

(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

## 18. 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 | **(705,377)** |
| Net income and comprehensive income | **201,876** |
| As at September 30, 2024 | **$ 2,817,149** |

Summarized financial information about MINER is as follows:

| | Nine months ended September 30, | |
|---|---|---|
| | **2024** | 2023 |
| Current assets | **$ 24,578,651** | $ 28,887,100 |
| Non-current assets | **36,331,628** | 42,249,375 |
| Current liabilities | **15,843,541** | 15,596,515 |
| Non-current liabilities | **16,895,250** | 17,628,491 |
| Net income and comprehensive income | **$ 2,018,760** | $ 2,025,630 |

(Expressed in United States Dollars)

## 19. 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:

| **Nine months ended September 30, 2024** | | **Salary or fees** | | **Share-based payments** | | **Total** |
|---|---|---|---|---|---|---|
| Management | **$** | **892,745** | **$** | **219,045** | **$** | **1,111,790** |
| Directors | | **102,593** | | **63,952** | | **166,545** |
| Seabord Management Corp. | | **86,572** | | **-** | | **86,572** |
| | **$** | **1,081,910** | **$** | **282,997** | **$** | **1,364,907** |

| Nine months ended September 30, 2023 | | Salary or fees | | Share-based payments | | Total |
|---|---|---|---|---|---|---|
| Management | $ | 858,258 | $ | 120,700 | $ | 978,958 |
| Directors | | 103,200 | | 81,394 | | 184,594 |
| Seabord Services Corp. | | 126,674 | | - | | 126,674 |
| | $ | 1,088,132 | $ | 202,094 | $ | 1,290,225 |

As at September 30, 2024, the Company had $661,917 (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 controlled by a director. Seabord provides the Corporate Secretary, accounting staff, administration staff and office space to the Company pursuant to the service agreement. The Corporate Secretary and the accounting and administrative staff are employees of Seabord and are not paid directly by the Company.

## 20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

**Changes in non-cash working capital**

| | | **Three months ended September 30,** | | | | **Nine months ended September 30,** | | |
|---|---|---|---|---|---|---|---|---|
| | | **2024** | | 2023 | | **2024** | | 2023 |
| Receivables | **$** | **(2,417,034)** | $ | (2,512,289) | **$** | **1,862,807** | $ | (2,392,972) |
| Inventories | | **2,955,822** | | (845,934) | | **1,020,699** | | (2,300,903) |
| Prepaid expenses and deposits | | **1,049,675** | | (73,954) | | **243,658** | | (261,042) |
| Accounts payable and accrued liabilities | | **(786,808)** | | 2,838,200 | | **(2,963,878)** | | 2,017,864 |
| Net change in non-cash w orking capital | **$** | **801,655** | $ | (593,977) | **$** | **163,286** | $ | (2,937,053) |

**Significant non-cash investing and financing activities**

During the nine months ended September 30, 2024, the Company:

a) reallocated mineral property depletion of $1,734,297 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 $65,835 of increases in decommissioning and restoration provision; and
d) recorded $1,544,781 of right-of-use assets and lease liabilities.

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

a) reallocated mineral property depletion of $3,272,135 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) recorded $68,883 of increases in decommissioning and restoration provision; and
d) recorded $289,090 of right-of-use assets and lease liabilities.

## 21. 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 September 30, 2024, the Company has arrangements for unsecured credit facilities to borrow up to approximately $2,900,000 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 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 Company may issue new shares in order to meet its financial obligations. Management of the Company estimates that the existing capital resources as at September 30, 2024 are sufficient for its present needs for at least the next twelve months however, due to the uncertainty of the ongoing royalty dispute (Note 1 and 23), there is significant doubt cast on the Company's ability to continue as a going concern. The Company is not subject to externally imposed capital requirements other than disclosed in notes 9 and 23. There has been no change to the Company's approach on capital management for the years presented.

## 22. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

| | Fair value hierarchy | **September 30, 2024** | December 31, 2023 |
|---|---|---|---|
| Financial assets - amortized cost: | | | |
| Cash | | **$ 5,835,027** | $ 8,298,367 |
| Other receivables | | **92,562** | 68,856 |
| Financial assets - fair value through profit or loss: | | | |
| Trade receivables | Level 2 | **3,203,041** | 4,896,950 |
| Derivative assets | Level 2 | **25,618** | - |
| Financial liabilities - amortized cost: | | | |
| Accounts payable and accrued liabilities | | **9,963,482** | 12,777,376 |
| Payable for acquisition of non-controlling interest | | **-** | 1,000,000 |
| Loans payable | | **22,145,422** | 25,930,374 |
| Lease liabilities | | **1,665,016** | 698,328 |
| Financial liabilities - fair value through profit or loss: | | | |
| Derivative liabilities | Level 2 | **-** | 92,920 |
| Provision for restricted share units | Level 2 | **177,523** | 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)

**22. 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 nine months ended September 30, 2024, a 10% change in copper and gold prices would result in an increase/decrease of approximately $2,219,000 and $1,453,000 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 September 30, 2024, a 10% change in SOFR and/or LIBOR would result in an increase/decrease of approximately $348,000 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 September 30, 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 | $ 9,963,482 | $ - | $ - | $ 9,963,482 |
| Loans and borrowings | 7,997,895 | 14,147,527 | - | 22,145,422 |
| Provision for restricted share units | 89,298 | 80,449 | 7,776 | 177,523 |
| Lease liabilities | 749,785 | 915,231 | - | 1,665,016 |
| Decommissioning and restoration provision | - | - | 2,494,247 | 2,494,247 |
| Payment Plan with the National Mining Agency(1)(2) | 5,104,461 | 8,460,670 | 5,071,838 | 18,636,969 |
| | $ 23,904,921 | $ 23,603,877 | $ 7,573,861 | $ 55,082,659 |

(1) The Company believes the arbitration process will be completed with a favorable outcome for the Company and the commitment for payments with maturities falling in years 1 - 2 and beyond should cease (see Contingency and Commitment section).
(2) Payments include interest.

**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 September 30, 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 $670,000 in the Company's pre-tax income or loss.

## 23. CONTINGENCY AND COMMITMENT

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 National Mining Agency based its claim on the current mining law, which is subsequent to the prevailing mining law under which MINER executed the mining contract regulating its royalty obligations for the El Roble mining property. The current mining law in Colombia explicitly states that it does not affect contracts executed prior to this law entering into force. Accordingly, the Company refuted the notice of claim, taking the position it has complied with the royalty payments due and called for under the contract.

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 has been vigorously defending itself against this action before the Administrative Tribunal of Cundinamarca (the "Tribunal"). Such claims may take up to ten years to reach a resolution in Colombian courts. The National Mining Agency had updated the claim amount to COP$87,933,286,817 (approximately $21.1 million) for all royalties in dispute up to December 2021, and in June 2022, to COP$101,217,832,270 (approximately $24.3 million) for all royalties in dispute up to January 23, 2022, the expiry date of the mining contract. Such amounts exclude indexation and related late payment interest.

On December 29, 2021, the Company entered into an agreement (the "Agreement") with the National Mining Agency to settle the dispute via 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. The statement of claim, counterclaim, and respective replies were submitted by the parties to the Tribunal. The first procedural hearing of the arbitration was held on July 2, 2024, during which the arbitrators declared themselves competent and allowed for the arbitration process to continue. The evidentiary hearings were completed, and witnesses' testimonies from both the National Mining Agency and the Company were heard by the Tribunal. The proceedings are ongoing according to schedule, with the final hearing scheduled for December 10, 2024, in which the investigation phase of the process will conclude, and the closing arguments of the parties will be heard by the Tribunal. The Tribunal's final decision (the "Award") is due by January 15, 2025, with an allowable six-month extension as per the arbitration rules. According to the Agreement, if an Award is rendered in favor of the Company, the Payment Plan (see below) will cease, and any amounts already paid will be reimbursed or offset against future royalty obligations.

The Agreement allowed for 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 on the property. The previous contract and related title expired on January 23, 2022.

The Agreement called for the Company to enter into a five-year Payment Plan (which was amended in June 2022) payable in biannual instalments for a total amount of COP$101,217,832,270 (approximately $24.3 million) plus interest at a 6% annual rate (in aggregate of COP$120,252,412,294 or approximately $28.9 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, subsequent to Q3-2024), COP$26,501,243,006 (approximately $6.4 million) in year 2025 and COP$43,672,690,093 (approximately $10.5 million) in year 2026. The total amount payable represents all outstanding royalty payments which the National Mining Agency has claimed through to the expiry date of the mining contract. The parties have agreed to this interim arrangement until a final arbitration decision is made.

As security for the Payment Plan, the Company pledged one real estate property located in Colombia in addition to granting a rotating pledge over concentrate inventory. All of the dry metric tonnes of metals concentrate in inventories at the end of Q3-2024 were pledged as security for the Payment Plan. 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 Company is recording an arbitration asset (Note 5) for all payments made under the Payment Plan. 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.

## 24. 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 September 30, 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)

**24. SEGMENTED INFORMATION** (cont'd…)

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

| **Nine months ended September 30, 2024** | **El Roble mine** | **El Roble E&E** | **La Plata E&E** | **Corporate and other** | **Total** |
|---|---|---|---|---|---|
| Revenues from external customers | **$ 53,278,183** | **$ -** | **$ -** | **$ -** | **$ 53,278,183** |
| Cost of sales | **(42,160,124)** | **-** | **-** | **-** | **(42,160,124)** |
| General and administrative expenses | **(2,507,677)** | **-** | **-** | **(1,891,386)** | **(4,399,063)** |
| Share-based payments | **-** | **-** | **-** | **(340,457)** | **(340,457)** |
| Segment income (loss) from operations | **$ 8,610,382** | **$ -** | **$ -** | **$ (2,231,843)** | **$ 6,378,539** |
| Capital additions[1] | | | | | |
| Mineral property | **$ 2,893,224** | **$ 696,154** | **$ 2,821,550** | **$ -** | **$ 6,410,928** |
| Plant and equipment | **2,212,050** | **-** | **-** | **-** | **2,212,050** |
| **As at September 30, 2024** | | | | | |
| Total assets | **$ 45,538,287** | **$ 15,371,992** | **$ 43,948,027** | **$ 5,532,226** | **$ 110,390,532** |
| Total liabilities | **32,738,791** | **-** | **34,680** | **17,017,034** | **49,790,505** |

| Nine months ended September 30, 2023 | El Roble mine | El Roble E&E | La Plata E&E | Corporate and other | Total |
|---|---|---|---|---|---|
| Revenues from external customers | $ 40,291,278 | $ - | $ - | $ - | $ 40,291,278 |
| Cost of sales | (35,201,774) | - | - | - | (35,201,774) |
| General and administrative expenses | (2,435,193) | - | - | (1,960,141) | (4,395,334) |
| Share-based payments | - | - | - | (255,874) | (255,874) |
| Segment income (loss) from operations | $ 2,654,311 | $ - | $ - | $ (2,216,015) | $ 438,296 |
| Capital additions[1] | | | | | |
| Mineral property | $ 1,741,005 | $ 1,984,632 | $ 4,506,994 | $ - | $ 8,232,631 |
| Plant and equipment | 916,242 | - | - | - | 916,242 |
| As at December 31, 2023 | | | | | |
| Total assets | $ 56,017,294 | $ 14,675,838 | $ 41,162,703 | $ 3,334,412 | $ 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.