

Quimbaya Gold Inc.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

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

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

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31,

	2024	2023
EXPENSES		
Consulting fees (Note 8)	\$ 85,000	\$ 41,000
Directors' fees (Note 8)	-	5,000
Exploration expenditures (Note 3)	210,813	3,381
Filing fees and transfer agent	12,011	5,264
Foreign exchange	-	(820)
Finance expense (Note 9)	15,548	-
Investor relations	63,196	-
Marketing	64,472	7,225
Office and administration	27,702	1,952
Professional fees	105,636	33,138
Travel	50,455	27,059
	<u>(634,833)</u>	<u>(123,199)</u>
Interest income	488	3,272
	488	3,272
Net loss	(634,345)	(119,927)
Other comprehensive loss		
Exchange difference on translation of foreign operations	<u>(7,356)</u>	<u>(1,455)</u>
Loss and comprehensive loss for the period	\$ (641,701)	\$ (121,382)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	27,760,902	15,204,493

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

QUIMBAYA GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (634,345)	\$ (119,927)
Interest income	-	(3,272)
Finance expense	15,548	-
Shares issued for services (Note 6)	3,425	3,225
Changes in non-cash working capital items:		
Accounts receivable	43,167	2,904
Accounts payable	226,000	(28,581)
Prepaid expenses	67,777	(5,750)
Net cash used in operating activities	<u>(278,428)</u>	<u>(151,401)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Loan funds received	<u>270,767</u>	<u>-</u>
Net cash provided by financing activity	<u>270,767</u>	<u>-</u>
Effect of foreign exchange on cash	(10,793)	(958)
Change in cash for the period	(18,454)	(152,359)
Cash, beginning of period	<u>20,656</u>	<u>330,680</u>
Cash, end of period	<u>\$ 2,202</u>	<u>\$ 178,321</u>

There were no non-cash financing or investing activities for the three months ended March 31, 2024 or 2023.

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

QUIMBAYA GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares		Obligation to issue shares	Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Number	Amounts					
Balance, December 31, 2022	15,201,952	\$ 1,944,406	\$ 75,000	\$ 333,610	\$ (8,432)	\$ (1,798,898)	\$ 545,686
Shares issued for services	5,864	3,225	-	-	-	-	3,225
Comprehensive loss for the period	-	-	-	-	(1,455)	(119,927)	(121,382)
Balance, March 31, 2023	15,207,816	\$ 1,947,631	\$ 75,000	\$ 333,610	\$ (9,887)	\$ (1,918,825)	\$ 427,529
Balance, December 31, 2023	27,757,993	\$ 6,930,009	\$ 75,000	\$ 300,588	\$ (10,219)	\$ (3,011,683)	\$ 4,283,695
Shares issued for services	7,785	3,425	-	-	-	-	3,425
Comprehensive loss for the period	-	-	-	-	(7,356)	(634,345)	(641,701)
Balance, March 31, 2024	27,765,778	\$ 6,933,434	\$ 75,000	\$ 300,588	\$ (17,575)	\$ (3,646,028)	\$ 3,645,419

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

QUIMBAYA GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

1. NATURE AND GOING CONCERN

Quimbaya Gold Inc. (the “Company”) was incorporated in Canada under the Canada Business Corporations Act on May 27, 2020. The Company is principally engaged in the acquisition and exploration and development of mineral properties in Colombia. The Company maintains its registered office at 3400 - 350 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Company is listed on the Canadian Securities Exchange under the symbol “QIM” and OTCQB under the symbol “QIMGF”.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital deficit of \$648,549 (December 31, 2023 – \$10,834) and accumulated deficit of \$3,646,028 (December 31, 2023 - \$3,011,683) as at March 31, 2024. The Company reported a net loss of \$634,345 and negative cashflows from operations of \$278,428 for the period ended March 31, 2024. The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statement, including IAS 34, Interim Financial Reporting. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2023, and the notes thereto.

Basis of consolidation and presentation

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

These condensed consolidated interim financial statements include the accounts of the Company, and its subsidiaries as follows:

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

QUIMBAYA GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Basis of consolidation and presentation (cont'd...)

Subsidiaries are entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Deferred taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Share-based payments

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based payments made to those other than employees or others providing similar services.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted for share-based payments made to employees or others providing similar services. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them.

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

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

Loans payable

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

Loans receivable

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

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Provisions

Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the year.

- Functional currency

The functional currency of the Company and its subsidiary is the currency of their respective primary economic environment. Judgement is necessary in evaluating each entity's functional currency.

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Mineral Properties

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are reviewed for changes in facts and circumstances suggesting the carrying amount exceeds the recoverable amount at each condensed consolidated interim statement of financial position date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and interruptions in exploration activities. The Company's review considers the following:

QUIMBAYA GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

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

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

- Deferred tax

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

- Exploration and evaluation assets

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

- Acquisitions

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

3. EXPLORATION AND EVALUATION ASSETS

Berrio Project, Colombia

On November 10, 2020, the Company entered into an asset purchase agreement (“APA”) with Pacifico Holdings S.A.S. (“Pacifico Holdings”) and shares purchase agreement (“SPA”) with West Rock Resources Panama Corp. (“West Rock”). Pursuant to the agreements, on December 10, 2020, the Company acquired all of the issued and outstanding common shares of GPE SAS which holds the Concession Mining Contact No. 6822 in the Antioquia region of Colombia (the “Berrio Project”). The Company paid total cash consideration of \$185,579 to Pacifico Holdings and West Rock for GPE SAS and certain related historic drill core with respect to the Berrio Project. Both agreements are with unrelated parties.

In the year ended December 31, 2022, the Company acquired by application three additional claims in the Antioquia region of Colombia.

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Tahami and Maitamac Projects, Colombia**

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

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

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

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

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

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

This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation. The Company applied IFRS 2 Share-based Payments in accounting for and assessing the transaction. The following tables summarize the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired, and liabilities assumed:

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

Net assets acquired	Explogold	Minera Buey	Nordeste	Total
Accounts receivable	\$ 169	\$ 1,704	\$ 2,657	\$ 4,530
Exploration and evaluation assets	197,177	190,526	3,834,628	4,217,331
Accounts payable	(291)	(175)	(318)	(784)
Funding from the Company prior to acquisition	<u>(203)</u>	<u>(203)</u>	<u>(247,628)</u>	<u>(248,034)</u>
	\$ 191,852	\$ 191,852	\$ 3,589,339	\$ 3,973,043

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Exploration and evaluation assets**

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

	Berrio Project	Tahami Project	Maitamac Project	Total
Balance, December 31, 2022	\$ 185,579	\$ -	\$ -	\$ 185,579
Acquired	-	3,834,628	382,703	4,217,331
Balance, December 31, 2023	\$ 185,579	\$ 3,834,628	\$ 382,703	\$ 4,402,910
Foreign exchange translation	-	8,958	-	8,958
Balance, March 31, 2024	\$ 185,579	\$ 3,843,586	\$ 382,703	\$ 4,411,868

Exploration Expenditures

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

For the three months ended March 31, 2024	Berrio Project	Tahami Project	Total
Consulting	\$ -	\$ 44,295	\$ 44,295
Field expenditures	-	7,558	7,558
Geological	-	41,669	41,669
Labour	-	79,896	79,896
Materials	-	10,679	10,679
Shipping	-	8,840	8,840
Travel	-	17,876	17,876
Total expenditures for the period	\$ -	\$ 210,813	\$ 210,813
For the three months ended March 31, 2023	Berrio Project	Tahami Project	Total
Community relations	\$ 1,372	\$ -	\$ 1,372
Consulting	2,009	-	2,009
Total expenditures for the period	\$ 3,381	\$ -	\$ 3,381

Property investigation costs incurred in the year ended December 31, 2023 relate to expenditures incurred with respect to the Tahami and Maitamac Projects and prospect generation in Colombia before the acquisition of the Companies.

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

4. LOANS PAYABLE

In the year ended December 31, 2023, the Company borrowed an \$40,000 from the CFO of the Company which is due on demand and accrues interest at a rate of 12% per annum.

In the period ended March 31, 2024, the Company borrowed:

- a) \$25,000 from the CFO of the Company, accruing interest at a rate of 12% per annum and maturing on December 31, 2024.
- b) \$120,000 from an unrelated party, accruing interest at a rate of 12% per annum and maturing on April 30, 2024. The amount has not been repaid subsequent to period end.
- c) \$98,767 from the CEO of the Company, accruing interest at a rate of 12% per annum and maturing on December 31, 2024.
- d) \$27,000 from a director of the Company, accruing interest at a rate of 12% per annum and maturing on December 31, 2024.

The loans are unsecured.

A summary of the movements of the loans payable is as follows:

Loans payable	March 31, 2024	December 31, 2023
Balance, beginning of the period	\$ 40,309	\$ -
Interest accrued	6,029	309
Funds received as loans	<u>270,767</u>	<u>40,000</u>
Balance, end of period	<u>\$ 317,105</u>	<u>\$ 40,309</u>

5. CONVERTIBLE DEBENTURES

In the year ended December 31, 2023, the Company entered into a convertible loan facility for total proceeds of \$280,000 with a director of the Company ("Loan Facility"). The convertible loans accrued interest at a rate of 10% per annum and were convertible into common shares, along with accrued interest, at the option of the holder at a conversion price of \$0.50 per common share. The Company received funds of \$135,000 on May 11, 2023, and a further \$145,000 on June 9, 2023. The convertible loans mature two years from the date of issuance.

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

The Company issued 1,300,000 bonus warrants to the lender exercisable at a price of \$0.50 per common share of the Company for a period of two years. These bonus warrants had a fair value of \$157,168 calculated using the Black-Scholes option pricing model, with weighted average inputs of a risk-free interest rate of 0.51%, expected life of 2 years, dividend of 0% and volatility of 135%. The value of the bonus warrants is accreted over the term of the convertible loans.

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

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

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

5. CONVERTIBLE DEBENTURES (cont'd...)

A summary of the movements of the convertible debentures is as follows:

Convertible debentures	March 31, 2024	December 31, 2023
Balance, beginning of period	\$ 208,381	\$ -
Funds received as convertible loans	-	380,000
Equity feature	-	(17,144)
Transaction costs and bonus warrants	-	(15,725)
Cancellation of bonus warrants	-	15,725
Repayments	-	(150,000)
Accretion expense	2,619	33,366
Interest accrued	6,900	14,285
Modification of instrument	-	(52,126)
Balance, end of period	<u>\$ 217,900</u>	<u>\$ 208,381</u>
Non-current	<u>\$ 217,900</u>	<u>\$ 208,381</u>

6. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Three months ended March 31, 2024

In the three months ended March 31, 2024, the Company issued 7,785 common shares at a price of \$0.44 per common share valued at \$3,425 in settlement of services rendered.

Year ended December 31, 2023

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

- a) Issued 5,864 common shares at a price of \$0.55 per common share valued at \$3,225 in settlement of services rendered.
- b) Issued 31,250 common shares at a price of \$0.48 per common share valued at \$15,000 in settlement of services rendered.
- c) Issued 2,261,782 common shares at a price of \$0.45 per common share for aggregate proceeds of \$1,017,802.
- d) Issued 257,145 common shares for the exercise of stock options for aggregate proceeds of \$90,000. The Company reallocated reserves of \$31,004 to share capital.
- e) Issued 10,000,000 common shares as consideration for the Companies (Note 3).

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

(Expressed in Canadian Dollars)

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FOR THE THREE MONTHS ENDED MARCH 31, 2024

7. RESERVES*Securities Based Compensation Arrangements*

The Company has a stock option plan (“Option Plan”) and a restricted share unit plan (“RSU Plan”) in place that allows for aggregate issuances which do not exceed 10% of the issued and outstanding common shares at each date of grant.

Stock Options

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2022	1,400,000	\$	0.35
Granted	50,000		0.35
Exercise	(257,145)		0.35
Expired	<u>(1,042,855)</u>		0.35
Balance outstanding, December 31, 2023	150,000	\$	0.35
Expired	<u>(100,000)</u>		0.35
Balance outstanding, March 31, 2024	50,000	\$	0.35
Balance exercisable, March 31, 2024	50,000	\$	0.35

Stock options outstanding as at March 31, 2024:

	Number outstanding	Number exercisable	Exercise price	Expiry date
Options	50,000	50,000	\$ 0.35	May 24, 2025

As at March 31, 2024, the outstanding stock options had a weighted average remaining life of 1.15 (December 31, 2023 – 0.57) years.

Restricted Share Units

The Company has a balance outstanding and vested RSUs of 214,285 with a weighted average fair value of per share at grant date of \$0.35 for the periods ended December 31, 2022, 2023, and March 31, 2024.

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

7. RESERVES (cont'd...)*Warrants*

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2022	42,440	\$ 0.35
Granted	84,000	0.60
Cancelled	<u>(84,000)</u>	0.60
Balance outstanding, December 31, 2023 and March 31, 2024	42,440	\$ 0.35
Balance exercisable, March 31, 2024	42,440	\$ 0.35

Warrants outstanding as at March 31, 2024:

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

As at March 31, 2024, the outstanding warrants had a weighted average remaining life of 0.36 (December 31, 2023 – 0.61) years.

8. RELATED PARTY TRANSACTIONS

Key management personnel include the President, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

Payments to key management personnel	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Consulting fees	\$ 70,000	\$ 30,000
Director's fees	-	5,000
Accounting fees	15,000	9,000

In the year ended December 31, 2022, the Company extended loans totaling \$65,262 to Combia Gold Inc. ("Combia"), a company with a director in common. All loans to Combia bear interest at a rate of 15% per annum. The loans are unsecured and repayable on or before September 15, 2023, along with accrued interest. The loan agreement was structured to allow the Company to automatically receive a number of common shares of Combia equal to a 33% discount on the price per share of the last issuance of more than \$25,000 in the event of non-payment.

However, this conversion has been prevented due to the intervention of the arbitration court in the settlement of Combia's financial matters. As at March 31, 2024, the total loan principal outstanding was \$87,262 (December 31, 2023 - \$87,262) and total interest accrued on these loans was \$21,228 (December 31, 2023 - \$21,228); however, the Company has been notified that Combia is commencing bankruptcy proceedings and has impaired the receivable by \$11,763 to reflect its estimated carrying amount.

The Transaction as detailed in Note 2 is a related party transaction. Certain loans payable detailed in Note 4 are due to directors and officers of the Company. The convertible debentures are due to a director of the company (Note 5). As at March 31, 2024, accounts payable and accrued liabilities of \$106,346 (December 31, 2023 - \$Nil) was due to related parties.

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

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

9. FINANCE EXPENSE

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Accretion of equity feature (Note 5)	\$ 2,619	\$ -
Coupon Interest on Convertible Debt (Note 5)	6,900	-
Coupon Interest on Loans (Note 4)	6,029	-
Total expense for the period	\$ 15,548	\$ -

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

Cash, accounts receivables, loan receivable, accounts payable and loans payable are carried at amortized cost. The Company considers that the carrying amount of cash, accounts receivable and accounts payable measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. The Company considers that the carrying value of the loan receivable approximates its fair value as the Company has impaired the asset to its estimated recoverable value (Note 8). The fair value of the loans payable and accrued interest are disclosed in Note 4. The undiscounted value of the convertible debentures (Note 5) as at March 31, 2024 was \$251,185.

Financial risk factors*Credit risk*

The Company is exposed to credit risk relative to the liquidity of cash, amounting to \$2,202 at March 31, 2024 (December 31, 2023 – \$20,656). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, the credit risk is considered by management to be negligible. As at March 31, 2024, the Company had an immaterial amount of cash balances in Colombia.

The Company is exposed to credit risk with respect to the loan receivable. The Company believes the carrying amount of loan is recoverable as the debtor is in bankruptcy proceedings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at March 31, 2024, the Company had a working capital deficit of \$648,549 (December 31, 2023 – \$10,834). The Company's financial obligations include accounts payable and loans payable, which have contractual maturities of less than a year and the non-current convertible debentures which mature in fiscal 2025.

Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. At March 31, 2024, the Company maintained all of its cash balance on deposit with a major Canadian bank with no expectation of interest rate returns or impact. Interest-bearing debts are at fixed rates with the financial impact known at the time of execution.

Foreign currency risk

The Company operates in Colombia and is therefore exposed to foreign exchange risk arising from transactions denominated in the Colombian peso ("COP\$"). The Company's financial assets and liabilities are held in COP\$ and are therefore subject to fluctuation against the Canadian dollar, its reporting currency. The Company has no program in place for hedging foreign currency risk.

QUIMBAYA GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

11. CAPITAL MANAGEMENT

The Company's capital management objective is to maintain financial capacity that is strong to sustain the future development of the business.

The Company's capital structure includes shareholders' equity of \$3,645,419 (December 31, 2023 – \$4,283,695). The Company manages its capital structure to maximize its financial flexibility to adjust to changes in economic conditions. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended March 31, 2024.