Denarius Silver Corp.

(Formerly ESV Resources Ltd.)

Interim Condensed Consolidated Financial Statements
(Unaudited)

For the three months ended March 31, 2021

Denarius Silver Corp.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	March 31, 2021	December 31, 2020 (Note 2)
ASSETS			
Current			
Cash and cash equivalents		$ 5,531	$ 30
Cash in escrow	6	26,875	-
Other receivables		53	5
Prepaid expenses and deposits		428	-
		32,887	35
Non-current			
Deferred acquisition costs	11	569	-
Mining interests	5	5,992	-
Total assets		$ 39,448	$ 35
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 404	$ 2
Subscription receipts payable	6	26,875	-
Due to related parties	9	389	4
Total liabilities		27,668	6
Equity			
Share capital	7b	53,701	30,086
Share purchase warrants	7c	645	-
Contributed surplus	7d	1,879	-
Accumulated other comprehensive loss		(707)	(688)
Deficit		(43,738)	(29,369)
Total equity		11,780	29
Total liabilities and shareholders' equity		$ 39,448	$ 35

Subsequent events **(Notes 6, 7, 9, 11)**

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Silver Corp.
Interim Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(Unaudited; Expressed in thousands of U.S. dollars, except share amounts)

	Notes	Three months ended March 31, 2021	Three months ended March 31, 2020 (Note 2)
Expenditures			
General and administrative		$ 113	$ 4
Share-based compensation	7d	1,325	-
Loss before the following		(1,438)	(4)
Other income (expense)			
RTO Transaction expense	4	(12,935)	-
Finance income		3	-
Foreign exchange gain		1	-
Net loss		**$ (14,369)**	**$ (4)**
Other comprehensive income:			
Items that may be reclassified to profit in subsequent periods:			
Foreign currency translation adjustment (nil tax effect)		(19)	1,295
Comprehensive (loss) income		**$ (14,388)**	**$ 1,291**
Basic and diluted loss per share		$ (0.35)	$ (8.00)
Weighted average number of common shares outstanding		41,391,129	500

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Silver Corp.
Interim Condensed Consolidated Statements of Equity
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Three months ended March 31, 2021	2020 (Note 2)
Share capital			
Balance, beginning of period		$ 30,086	$ 23,666
Fair value of RTO Transaction consideration	4	23,295	-
Financial advisory fee paid in shares	4	300	-
Warrants exercised	7b	20	-
Balance, end of period		53,701	23,666
Share purchase warrants			
Balance, beginning of period		$ -	$ -
Fair value of RTO Transaction warrants	4	660	-
Exercise of warrants		(15)	-
Balance, end of period		645	-
Contributed surplus			
Balance, beginning of period		$ -	$ -
Fair value of RTO Transaction stock options	4	554	-
Share-based compensation	7d	1,325	-
Balance, end of period		1,879	-
Accumulated other comprehensive loss			
Balance, beginning of period		$ (688)	(1,058)
Foreign currency translation adjustment		(19)	1,295
Balance, end of period		(707)	237
Deficit			
Balance, beginning of period		(29,369)	(29,284)
Net loss		(14,369)	(4)
Balance, end of period		(43,738)	(29,288)
Total equity		**$ 11,780**	**$ (5,385)**

See accompanying notes to the interim condensed consolidated financial statements.

Denarius Silver Corp.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Three months ended March 31, 2021	2020 (Note 2)
Operating Activities			
Net loss		$ (14,369)	$ (4)
Adjusted for the following items:			
Share-based compensation	7d	1,325	-
RTO Transaction costs	4	12,935	-
Changes in non-cash working capital items:			
Other receivables		(27)	1
Prepaid expenses and deposits		(423)	-
Accounts payable and accrued liabilities		(693)	-
Related parties	9	385	3
Net cash used in operating activities		(867)	-
Investing Activities			
Additions to mining interests	5	(74)	-
Deferred acquisition costs	11	(307)	-
Cash acquired through RTO Transaction	4	6,720	-
Net cash provided by investing activities		6,339	-
Financing Activity			
Exercise of warrants	7c	5	-
Impact of foreign exchange rate changes on cash and cash equivalents		24	(11)
Increase (decrease) in cash and cash equivalents		**5,501**	**(11)**
Cash and cash equivalents, beginning of period		30	56
Cash and cash equivalents, end of period		**$ 5,531**	**$ 45**

See accompanying notes to the interim condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Denarius Silver Corp. (the “Company”), formerly ESV Resources Ltd. (“ESV”), is a company incorporated under the laws of the Province of British Columbia, Canada. As described in Note 4, the Company acquired two silver-gold exploration projects located in Colombia, the Guia Antigua and Zancudo Projects, through two share exchange agreements and completed a private placement (collectively, the “Transaction”).

As described in Note 4, the Transaction is being accounted for as a reverse takeover (“RTO Transaction”), whereby Gran Colombia Gold Titiribi Corp. (“Titiribi”), an indirect wholly-owned subsidiary of Gran Colombia Gold Corp. (“Gran Colombia”), based on Gran Colombia’s relative voting rights and board and management nominees following the Transaction, is the accounting acquirer and the Company and 1255269 B.C. Ltd. (“Guia Antigua Vendor”) are the accounting acquirees.

The historical figures presented in these interim condensed consolidated financial statements represent those of Titiribi as it is the deemed accounting acquirer. The acquired assets and liabilities and results of operations and cash flows of the Company are reflected only for periods from the acquisition date at the closing of the RTO Transaction on February 19, 2021.

The Company and its wholly-owned subsidiaries are engaged in the acquisition, exploration, development and operation of properties focused on silver-gold properties and other minerals. Following completion of the RTO Transaction, the Company’s head office is located in Toronto, Canada.

On February 19, 2021, the Company changed its name to Denarius Silver Corp. and commenced trading on the TSX Venture Exchange (“TSXV”) on March 8, 2021 under the symbol DSLV. The Company changed its fiscal year end from March 31 to December 31 and its first financial year end following the Transaction will be December 31, 2021.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, under International Financial Reporting Standards (“IFRS”).

These interim financial statements were approved for issue by the Audit Committee of the Company on May 28, 2021.

For accounting purposes, the Company is considered to be a continuation of the business of Titiribi and its subsidiaries. Consequently, these interim condensed consolidated financial statements, including the amounts for comparative periods, have been prepared to reflect the historical carrying amounts of the consolidated assets, liabilities, operations and cash flows of Titiribi and its subsidiaries.

The interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in U.S. dollars, rounded to the nearest thousand except when otherwise indicated. They have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due for the foreseeable future.

The interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements of Titiribi for the fiscal year ended December 31, 2020, except as disclosed herein. The interim financial statements do not include all the disclosures included in annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements of Titiribi and the notes thereto for the year ended December 31, 2020. Additional accounting policies applied by the Company in the preparation of these interim condensed consolidated financial statements are as follows:

Consolidation

These financial statements comprise the financial results of the Company including its subsidiaries. Details regarding the Company and its principal subsidiaries, all of which have a December 31 year end, are summarized in the following table:

Entity	Property/ function	Registered	Functional currency(1)	Interest as at March 31, 2021	Interest as at December 31, 2020
Denarius Silver Corp.	Corporate	Canada	CA	-	N/A
Gran Colombia Gold Titiribi Sucursal Colombia	Zancudo Project	Colombia	COP	100%	100%
Industrias Argentum S.A.S.	Guia Antigua Project	Colombia	COP	100%	-

(1) “CA= Canadian dollar”, “USD” = U.S. dollar; “COP” = Colombian peso

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries and associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

Share-based payments

The Company has an equity-settled share-based compensation plan under which it issues equity instruments of the Company. The Company records equity-settled share-based payments under which the entity receives services from employees, consultants and directors as consideration for stock options granted by the Company. For employees and others providing similar services, the total amount to be expensed is based on the fair value of the options granted. The fair value is determined using the Black-Scholes model on grant date. Measurement inputs include share price on measurement date, exercise price, expected volatility, expected life, expected dividends, expected forfeiture rate and the risk-free interest rate.

The share-based compensation expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of operations with a corresponding adjustment to equity.

Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

The Company has assessed the classification and measurement of its financial assets and financial liabilities as follows:

	Classification category
Cash and cash equivalents	Amortized cost
Cash in escrow	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscription receipts payable	Amortized cost
Due to related parties	Amortized cost

Fair value hierarchy

IFRS requires an entity to classify financial assets and liabilities that are recognized in the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3. FUTURE ACCOUNTING PRONOUNCEMENTS

New accounting standards issued but not effective

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 3 – Business Combinations

The IASB has issued an amendment to IFRS 3 Business Combinations adding an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. This exception specifies that for some assets and liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 9 – Financial Instruments

The IASB has issued an amendment to IFRS 9 Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included.

The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IAS 1 – Presentation of Financial Statements

The IASB has issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

4. RTO TRANSACTION

On February 19, 2021, the Company completed a three-cornered amalgamation with its subsidiary 1270702 B.C. Ltd. and the Guia Antigua Vendor (the "Guia Antigua Amalgamation") pursuant to which the Company acquired the rights for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project. In exchange for all of the outstanding shares of the Guia Antigua Vendor, the Company issued 15,000,000 common shares to the former shareholders of the Guia Antigua Vendor and paid a financial advisory fee to a third party of 300,000 common shares.

In preparation for the Guia Antigua Amalgamation, in November 2020, the Guia Antigua Vendor completed a private placement of 18,675,053 subscription receipts at a price of CA$0.45 per share ("Guia Antigua Private Placement") for gross proceeds of approximately CA$8.4 million. Immediately prior to closing of the Guia Antigua Amalgamation, the Guia Antigua Subscription Receipts automatically converted into an equivalent number of common shares of the Guia Antigua Vendor for no additional consideration and were immediately exchanged for common shares of the Company on a one-for-one basis.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Additionally, on February 19, 2021, pursuant to a November 2020 definitive Share Purchase Agreement ("SPA") with Gran Colombia, the Company acquired all of the issued and outstanding shares of Titiribi, owner of the Zancudo Project, located in the municipality of Titiribi, in the mining district of Antioquia, Colombia. In exchange, the Company issued 27,000,000 common shares to Gran Colombia and paid a financial advisory fee to a third party of 540,000 common shares.

The concurrent closing of the Guia Antigua Amalgamation, the Guia Antigua Private Placement and the SPA resulted in a reverse takeover transaction ("RTO Transaction"). Although legally the Company became the parent of Titiribi and the Guia Antigua Vendor, Titiribi was determined to be the accounting acquirer and the Company and the Guia Antigua Vendor were determined to be the acquirees for accounting purposes. Upon completion of the RTO Transaction, the former shareholders of Titiribi became the controlling shareholders of the Company. As Titiribi was determined to be the acquirer in the RTO Transaction, the assets and liabilities of Titiribi were accounted for at cost, and the assets and liabilities of the Company and the Guia Antigua Vendor were accounted for at fair value on acquisition. Since the Company's operations did not constitute a business, the transaction was accounted for as an asset acquisition. Therefore, the Company's share capital, equity reserve and deficit at the time of the RTO Transaction were eliminated. The capital structure recognized in the consolidated statement of financial position was that of the Company, but the dollar amount of the issued share capital prior to the RTO Transaction was that of Titiribi.

In the accounting for the RTO Transaction, the consideration effectively transferred was determined by reference to the fair value of the most reliable measure, which was determined to be the Company's (formerly ESV) common shares.

The excess of the fair value of the RTO Transaction consideration to the Company over the fair value of the assets and liabilities of the Company and the Guia Antigua Vendor acquired by Titiribi at February 19, 2021 is summarized in the following table:

	The Company	Guia Antigua Vendor	Total
Fair value of the deemed acquisition consideration			
Common shares			$ 23,295
Warrants honoured			660
Stock options honoured			554
Advisory fees paid in shares			300
Total consideration paid			24,809
Fair value of assets and liabilities acquired			
Cash and cash equivalents	$ 40	$ 6,680	6,720
Accounts receivable	16	6	22
Prepaid expenses and deposits	-	3	3
Mining interest – Guia Antigua project	-	5,979	5,979
Accounts payable and accrued liabilities	(305)	(545)	(850)
Net (liabilities) assets acquired	(249)	12,123	11,874
Excess of RTO Transaction consideration over net assets acquired			$ 12,935

The fair value of the warrants and stock options honoured was determined using a Black-Scholes options pricing model and level 2 fair value inputs. The main assumptions used for the fair value of the warrants honoured include an expected volatility of 84%, a risk-free interest rate of 0.12%, an estimated remaining life of six months and a dividend yield of 0%. The fair value of stock options honoured include an expected volatility of 87%, a risk-free interest rate of 0.22%, an estimated remaining life of 2.5 years and a dividend yield of 0%. The fair values of cash and cash equivalents, accounts receivable, prepaid expenses and deposits and accounts payable and accrued liabilities was determined based on Level 1 inputs. The fair value of the mining interest acquired was based on Level 3 inputs.

The $12.9 million excess of the RTO Transaction consideration has been expensed in the statement of operations for the period ended March 31, 2021.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

5. MINING INTERESTS

	E&E Assets		Total
	Zancudo	Guia Antigua	
Opening net book value	$ -	$ -	$ -
Acquisition (Note 4)	-	5,979	5,979
Additions	-	56	56
Exchange difference	-	(43)	(43)
Closing net book value	$ -	$ 5,992	$ 5,992

Zancudo Project

The Company owns the Zancudo Project located in the municipality of Titiribi, in the mining district of Antioquia, Colombia. The carrying amount of the Zancudo Project equals its deemed cost of nil upon adoption of IFRS on January 1, 2018.

IAMGOLD Option Agreement

Gran Colombia entered into an option agreement dated as of February 27, 2017 with IAMGOLD Corp. (“IAMGOLD”) for the exploration and potential purchase of an interest in the Company's Zancudo Project. Under the option agreement, IAMGOLD has been granted an option to acquire an initial undivided 65% interest (the "First Option") in the Zancudo Project by incurring an aggregate of $10.0 million of mineral exploration expenditures over a six-year period ending in March 2023, subject to meeting specified annual work commitments during the First Option period. IAMGOLD has the right to cease its obligations at any time.

IAMGOLD has also been granted an additional option (the "Second Option") to acquire a further 5% undivided interest for an aggregate 70% undivided interest in the Zancudo Project by completing a feasibility study within three years after exercising the First Option.

Upon exercise of the First Option or the Second Option, as the case may be, the parties will form a joint venture to hold the Zancudo Project, to advance the exploration and, if feasible, to advance the development and mining of any commercially exploitable ore body.

Guia Antigua Project

The Company owns the right for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project which is located northeast of Medellin in the Segovia-Remedios mining district, Department of Antioquia, Colombia. The Guia Antigua Project is subject to a 1% net smelter returns royalty (“NSR”) on 70% of the project, payable in kind or in cash at the election of the royalty holder.

6. SUBSCRIPTION RECEIPT FINANCING

On March 17, 2021, the Company completed a non-brokered private placement financing (the “Subscription Receipts Financing”) of 75,000,000 Subscription Receipts at a price of CA$0.45 per subscription receipt for aggregate gross cash proceeds of CA$33.75 million (equivalent to approximately $26.9 million). Each Subscription Receipts comprises one common share of the Company and one share purchase warrant with an exercise price of CA$0.80 per share expiring five years from the date of closing of the Subscription Receipt Financing. The common shares and warrants are subject to a hold period expiring on July 18, 2021. The gross proceeds of the Subscription Receipts Financing were placed in escrow pending completion of the acquisition of the Lomero Project (Note 11).

In connection with the Subscription Receipts Financing, the Company incurred finder's fees of 6% with certain arms-length parties who introduced subscribers to the Subscription Receipts Financing, totalling approximately CA$0.4 million, most of which was settled through the issuance of an additional 803,700 Subscription Receipts of the Company. These securities are subject to a hold period expiring on August 30, 2021.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

On April 29, 2021, the escrow conditions related to the Subscription Receipts were met and the Subscription Receipts converted into common shares and common share purchase warrants and the cash held in escrow was released to the Company.

7. SHARE CAPITAL

a) *Authorized*

Authorized share capital comprises an unlimited number of common shares without par value and 10,000,000 preferred shares at $1.00 par value. No preferred shares have been issued.

b) *Issued and fully paid*

A summary of the change in the issued and outstanding common shares during the period ended March 31, 2021 is as follows:

	Shares	Amount
Balance, December 31, 2020	**500**	**$ 30,086**
Share for share exchange in the RTO Transaction	(500)	(30,086)
Shares issued pursuant to SPA to Gran Colombia (Note 4)	27,000,000	30,086
Shares issued in the RTO Transaction to the former shareholders of the Company and the Guia Antigua Vendor(Note 4)	65,277,915	23,295
Financial advisory fees paid in shares (Note 4)	840,000	300
Warrants exercised	55,000	20
Balance, March 31, 2021	**93,172,915**	**$ 53,477**

Subsequent to March 31, 2021, the Company issued a total of 241,500 common shares on the exercise of warrants and stock options.

On April 29, 2021, the escrow release conditions for the Subscription Receipts Financing described in Note 6 were met and the Company issued 75,803,700 common shares. The Company also issued a total of 35,700,000 common shares in connection with the closing of the Lomero Project acquisition (Note 11).

c) *Share Purchase Warrants*

A summary of the change in the share purchase warrants outstanding during the period ended March 31, 2021 is as follows:

	Outstanding	Weighted average exercise price per common share (CA$)
Balance outstanding at the RTO Transaction date	2,375,250	$ 0.10
Exercised(1)	(55,000)	$ 0.10
Balance, March 31, 2021	2,320,250	$ 0.10

(1) Cash proceeds from warrants exercised during the three-month period ended March 31, 2021 amounted to $4,000.

As described in Note 4, in connection with the RTO Transaction, a total of 2,375,250 warrants of the Company issued and outstanding on February 19, 2021 with an exercise price of CA$0.10 per share expiring August 27, 2021 were honoured. The estimated fair value of the warrants of $0.7 million was included in RTO Transaction consideration.

Subsequent to March 31, 2021, a total of 116,500 warrants at an exercise price of CA$0.10 per share were exercised.

As described in Note 6, subsequent to March 31, 2021, the escrow release conditions for the Subscription Receipts Financing were met and, on April 29, 2021, the Company issued 75,803,700 warrants with an exercise price of CA$0.80 per share expiring on March 17, 2026.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

d) Stock option plan

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the TSXV.

A summary of the change in the stock options outstanding during the period ended March 31, 2021 is as follows:

	Outstanding	Weighted average exercise price per common share (CA$)	Share-based compensation amount(1)
Balance outstanding at the RTO Transaction date	1,900,000	$ 0.10	$ 554
Granted and vested during the period	7,300,000	0.45	1,325
Balance, March 31, 2021	9,200,000	$ 0.38	$ 1,879

(1) Due to the absence of trading history in the Company's equity securities, volatility was determined using a group of peer companies in the same industry.

As described in Note 4, as part of the consideration paid in the RTO Transaction, a total of 1,900,000 stock options issued and outstanding on February 19, 2021 with an exercise price of CA$0.10 expiring August 27, 2030 were honoured. The stock options fair value of $0.6 million was determined using a Black-Scholes model and included in RTO Transaction consideration.

On February 19, 2021, subsequent to the closing of the RTO Transaction, the Board approved the grant of a total of 7,300,000 stock options to directors, executive officers, management and consultants, exercisable at CA$0.45 per share and expiring on February 19, 2031. The options have a ten-year term and vested immediately. The stock options fair value of $1.3 million was determined using a Black-Scholes which included an expected volatility of 87%, a risk-free interest rate of 0.22%, an estimated remaining life of 2.5 years and a dividend yield of 0%.

The table below summarizes information about the stock options outstanding and the common shares issuable as at March 31, 2021:

Expiry date	Outstanding and exercisable options	Vested Stock Options	Remaining contractual life in years	Exercise price (CA$/share)
August 27, 2030	1,900,000	1,900,000	9.4	$ 0.10
February 19, 2031	7,300,000	7,300,000	9.9	0.45
	9,200,000	9,200,000	9.8	$ 0.38

Subsequent to March 31, 2021, a total of 125,000 stock options at an exercise price of CA$0.10 per share were exercised.

e) Loss per share

For the periods ended March 31, 2021 and 2020, the stock options and warrants were anti-dilutive.

8. FINANCIAL RISK MANAGEMENT

a) *Credit risk*

The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly-rated Canadian and Colombian financial institutions.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

b) Foreign currency risk

The Company is exposed to foreign currency fluctuations in United States dollars ("USD") and Colombian pesos ("COP"). Such exposure arises primarily from expenditures that are denominated in currencies other than the functional currency (Canadian dollar). The Company monitors its exposure to foreign currency risks. To reduce its foreign currency exposure associated with operating expenses incurred in USD and COP, the Company may enter into foreign currency derivatives to manage such risks. For the period ended March 31, 2021 and December 31, 2020, the Company did not utilize derivative financial instruments to manage this risk. The following table summarizes, in USD equivalents, the Company's major currency exposure in USD and COP arising from foreign currency monetary assets and liabilities and foreign currency components:

	USD	COP
Cash	$ 39	$ 53
Other receivables	-	5
Related parties	-	(1)
Accounts payable and accrued liabilities	(162)	(51)
Net financial (liabilities) assets	$ (123)	$ 6

Based on the net exposure at March 31, 2021, a 10% depreciation or appreciation of the USD against the CA would result in a $12,000 increase or decrease in the Company's after-tax net income and a 10% depreciation or appreciation of the COP against the CA would result in a $1,000 decrease or increase in the Company's other comprehensive income.

c) Liquidity risk

The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. Since Company has no sources of revenue, cash inflows are dependent on its ability to obtain financing through the issuance of additional securities, entering into credit facilities, or entering into joint ventures, partnerships or other similar arrangements. The Company's financial obligations primarily consist of its accounts payable and accrued liabilities. These obligations arise during the normal course of business and are paid from funds raised through equity financings, and except under certain exceptions, are usually due within no later than one month. The Company from time to time may also enter into payment plans to pay these amounts over extended periods, typically less than 12 months.

The carrying value of accounts payable and accrued liabilities approximates its fair value as they are short-term in nature.

d) Fair value risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and taxes payable, approximate their carrying values due to the short-term maturity of these financial instruments.

e) Capital management

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to maintain investor, creditor and market confidence to sustain the future development of the business.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. The Company is not subject to any externally imposed capital requirements.

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

9. RELATED PARTIES

The amounts due to related parties are non-interest bearing, are due on demand and are comprised of the following:

	March 31, 2021	December 31, 2020
Due to related parties		
Gran Colombia	$ 389	$ -
Other subsidiaries of Gran Colombia	-	4
Total due to related parties	$ 389	$ 4

During the three months ended March 31, 2021, the Company received a total of approximately $0.4 million (three months ended March 31, 2020 - $Nil) to fund the deposit made with respect to the acquisition of Lomero Project (Note 11) and certain general expenses while completing the RTO Transaction. The amount due to Gran Colombia was subsequently repaid in May 2021.

Gran Colombia acquired 6,666,666 subscription receipts for a total cost of CA$3.0 million (equivalent to approximately $2.3 million) in the Guia Antigua Private Placement (Note 4) and 22,222,223 Subscription Receipts for a total cash consideration of CA$10.0 million (equivalent to approximately $7.9 million) in the Company's Subscription Receipt Financing (Note 6).

10. SEGMENT DISCLOSURES

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. In determining the Company's segment structure, the Company considered the basis on which management reviews the financial and operational performance and whether any of the Company's exploration operations share similar economic, operational and regulatory characteristics. The Company considers its Zancudo and Guia Antigua projects in Colombia and its corporate functions in Canada as its reportable segments.

As at March 31, 2021 and December 31, 2020, all material non-current assets of the Company were located in Colombia.

11. SUBSEQUENT EVENT

Acquisition of Lomero Project

On April 29, 2021, the Company acquired a 100% interest in the investigation permit No. 14,977, also identified as Rubia (the "Permit"), covering the areas occupied by the former Lomero-Poyatos concessions and the mine within them in southern Spain (collectively, the "Lomero Project"). The Permit is owned by a wholly-owned subsidiary of Transcontinental Gold Mines Pty. Ltd. (TGM), both of which are now a wholly-owned subsidiaries of the Company.

The Company acquired 100% of the issued and outstanding shares of TGM pursuant to a share purchase agreement dated April 20, 2021 with Zenk Capital Private Fund Inc. ("Zenk"), Continental Mining Australia Pty. Ltd. as trustee for Continental Trust ("Continental Trust"), and Haramont Pty. Ltd. as trustee for D&V Investment Trust ("DV", and together with Continental Trust, the "Vendors" of TGM) and TGM.

Pursuant to the transaction, consideration paid by the Company to the Vendors included (i) 6.5 million Euros in cash (equivalent to approximately $7.9 million), of which 0.25 million Euros (equivalent to approximately $0.3 million) was advanced in February 2021 and recorded in deferred acquisition costs as of March 31, 2021; (ii) 1.85 million Euros (equivalent to approximately $2.2 million) as reimbursement to the vendors for transaction costs and related expenses; (iii) the issuance of 5.6 million common shares of the Company; and (iv) the grant of a 0.5 per cent NSR.

In addition, in consideration of the assignment of Zenk's rights to purchase the interest in the Permit to the

Company, the Company (i) issued, at the direction of Zenk, 29.4 million common shares and (ii) granted a 1.5 percent NSR.

As part of the acquisition of the Lomero Project, the Company issued 700,000 common shares to a third party as an administration success fee.

All common shares issued in connection with the acquisition of the Lomero Project are subject to a hold period expiring on August 30, 2021.