



**1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

Consolidated Financial Statements

**For the Years Ended
September 30, 2022 and 2021**

(Stated in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orea Mining Corp.

Opinion

We have audited the consolidated financial statements of Orea Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of comprehensive loss, cash flows and shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

We also:

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

December 19, 2022

Orea Mining Corp.**Consolidated Statements of Financial Position**

(Expressed in thousands of Canadian Dollars)



	September 30, 2022 (\$)	September 30, 2021 (\$)
Assets		
Current Assets		
Cash	134	1,241
Marketable securities (note 5)	-	451
Receivables (note 6 and 11)	21	130
Prepaid expenses (note 11)	73	430
	228	2,252
Non-Current Assets		
Property and equipment (note 9)	46	179
Investment in Compagnie Minière Montagne d'Or SAS (note 7)	-	34,967
Exploration and evaluation assets (note 8)	-	2,658
	274	40,056
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities		
Accounts payable (notes 9 and 11)	687	359
Accrued liabilities (note 11)	471	98
	1,158	457
Non-Current Liabilities		
Lease liabilities (note 9)	7	28
	1,165	485
Shareholders' Equity (Deficit)		
Share capital (note 10)	73,085	72,309
Reserves (note 10e)	7,386	11,535
Deficit	(81,362)	(44,273)
	(891)	39,571
	274	40,056

Nature of operations and going concern (note 1)

Commitments (note 13)

Subsequent event (note 16)

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

Approved by the Board of Directors*"Robert Giustra"*

Robert Giustra – Director

"Peter Gianulis"

Peter Gianulis - Director

Orea Mining Corp.**Consolidated Statements of Comprehensive Loss**

(Expressed in thousands of Canadian Dollars)



	Year Ended	
	September 30, 2022 (\$)	September 30, 2021 (\$)
Operating Expenses		
Administration and office (note 11)	1,290	1,199
Directors fees (note 11)	144	144
General exploration (note 8)	581	89
Investor relations	169	103
Management fees (note 11)	125	90
Professional fees	651	883
Share-based payments (note 10b)	-	485
Transfer agent and filing fees	108	98
Travel	57	65
Amortization (note 9)	86	94
Cost recoveries (note 11)	(505)	(166)
Loss before other items	(2,706)	(3,084)
Other Items		
Gain (loss) from sale of marketable securities (note 5)	(328)	345
Loss from equity accounted investment (note 7)	(1,739)	(265)
Unrealized gain on marketable securities (note 5)	-	342
Finance expense (note 9)	(10)	(27)
Other income (expense)	(5)	13
Impairment loss on investment in Compagnie Minière Montagne d'Or (note 7)	(29,191)	-
Loss on exploration and evaluation assets (note 8)	(3,098)	-
Foreign exchange loss	(12)	(60)
Loss on settlement of note receivable (note 11)	-	(272)
Bad debt expense	-	(103)
Net loss for the year	(37,089)	(3,111)
Other comprehensive loss:		
Foreign currency translation	(4,353)	(3,090)
Comprehensive loss for the year	(41,442)	(6,201)
Loss per share (note 10d)		
Basic	(0.18)	(0.02)
Diluted	(0.18)	(0.02)

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

Orea Mining Corp.Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Year Ended	
	September 30, 2022	September 30, 2021
	(\$)	(\$)
Operating Activities		
Net loss for the year	(37,089)	(3,111)
Items not involving cash		
Unrealized gain on marketable securities	-	(342)
(Gain) loss from sale of marketable securities	328	(345)
Loss from equity accounted investment	1,739	265
Loss from settlement of note receivable	-	272
Finance expense from lease liabilities	10	27
Share-based payments	-	485
Amortization	86	94
Impairment loss on investment in Compagnie Minière Montagne d'Or	29,191	-
Loss on exploration and evaluation assets	3,098	-
Unrealized foreign exchange (gain) loss	(51)	48
	(2,688)	(2,607)
Changes in non-cash working capital		
Receivables and prepaid expenses	466	(281)
Accounts payable and accrued liabilities	792	(211)
Cash used in operating activities	(1,430)	(3,099)
Investing Activities		
Exploration and evaluation asset	(687)	(1,090)
Sale of marketable securities	123	1,471
Equipment	-	(9)
Interest received	-	3
Cash from (used in) investing activities	(564)	375
Financing Activities		
Net proceeds from share offerings	980	1,387
Warrant exercises	-	105
Payment of lease liabilities	(85)	(113)
Cash from financing activities	895	1,379
Effect of foreign exchange on cash	(8)	(16)
Decrease in cash	(1,107)	(1,361)
Cash, beginning of year	1,241	2,602
Cash, end of year	134	1,241

Other Non-Cash Transactions:

On October 21, 2020 the Company and Allegiant Gold Ltd. ("Allegiant") settled a note receivable from Allegiant with a face value of \$1,604 in exchange for 3,201,766 shares of Allegiant (the "Settlement Shares") (note 11). The market value of the Settlement Shares received on October 21, 2020 was \$1,073.

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

Orea Mining Corp.**Consolidated Statements of Shareholders' Equity (Deficit)**

(Expressed in thousands of Canadian Dollars except for share amounts)

	Share Capital		Reserves		Total (\$)	Deficit (\$)	Total (\$)
	Number of Shares (000's)	Share Capital (\$)	Share Options and Warrants (\$)	Accumulated Other Comprehensive Income (Loss) (\$)			
Balance, October 1, 2020	195,921	70,974	8,766	5,216	13,982	(41,162)	43,794
Private placement of units (note 10a)	8,784	1,212	175	-	175	-	1,387
Share-based payments (note 10b)	-	-	485	-	485	-	485
Warrants exercised (note 10c)	438	122	(17)	-	(17)	-	105
Comprehensive loss	-	-	-	(3,090)	(3,090)	(3,111)	(6,201)
Rounding adjustment	(1)	1	-	-	-	-	1
Balance, September 30, 2021	205,142	72,309	9,409	2,126	11,535	(44,273)	39,571
Private placement of common shares – January 2022 (note 10a)	6,958	647	131	-	131	-	778
Private placement of common shares – June 2022 (note 10a)	4,300	129	73	-	73	-	202
Comprehensive loss	-	-	-	(4,353)	(4,353)	(37,089)	(41,442)
Balance, September 30, 2022	216,400	73,085	9,613	(2,227)	7,386	(81,362)	(891)

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

1. Nature of Operations and Going Concern

Orea Mining Corp. (the “Company” or “Orea”) was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. On May 14, 2020, the Company changed its name from Columbus Gold Corp. to Orea Mining Corp. The Company is currently listed on the Toronto Stock Exchange (the “TSX” or “Exchange”) and the OTCQB.

The Company’s principal business activities are the exploration and development of resource properties in South America. The Company is currently focused on the Montagne d’Or Gold Project in French Guiana (note 7). The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required.

All figures in these consolidated financial statements are expressed in thousands of Canadian Dollars except for share, per share amounts, warrants, per warrant amounts, units, per unit amounts or noted otherwise. References to “US\$” are to thousands of US Dollars. At September 30, 2022, the Company had working capital deficiency of \$930 (September 30, 2021 – working capital of \$1,795) and an accumulated deficit of \$81,362 (September 30, 2021 - \$44,273). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern and such adjustments could be material.

The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

2. Basis of Presentation**(a) Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 19, 2022.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of Presentation – continued**(c) Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

Entity	Country of Incorporation
Orea Holdings Corp.	Panama
Orea Paul Isnard Corp.	Panama
Orea South America Corp.	Panama
Orea Caricom Corp.	Panama
Orea Guyane SAS	France
Orea Colombia SAS	Colombia

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(d) Use of Estimates and Judgments**Significant Estimates and Assumptions**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the fair value of its equity investment, the recoverability of the carrying value of marketable securities and exploration and evaluation assets, assumptions used in determination of the fair value of share-based payments, decommissioning, restoration and similar liabilities and contingent liabilities.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern and whether the Company has significant influence over other entities, classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

3. Significant Accounting Policies**(a) Foreign Currency Translation**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

Entity	Functional Currency
Orea Mining Corp.	Canadian Dollar
Orea Holdings Corp.	European Euro
Orea Paul Isnard Corp.	European Euro
Orea South America Corp.	European Euro
Orea Caricom Corp.	European Euro
Orea Guyane SAS	European Euro
Orea Colombia SAS	Colombian Peso

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

(b) Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

General exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

The proceeds from royalties granted and operator fees earned are deducted from the costs of the related property and any excess is recorded as income.

3. Significant Accounting Policies - continued**(c) Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Furniture	5 years
Leasehold improvements	Term of lease
Equipment	3 to 10 years

(d) Impairment of Long-Lived Assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(e) Investment

The Company accounts for its investment, in which the Company has significant influence, using the equity method. Under the equity method, the Company’s investment is initially recognized at fair value and subsequently increased or decreased to recognize the Company’s share of net earnings and losses, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company’s share of earnings and losses of the investee are recognized in net earnings during the year. Dividends and repayment of capital received from the investee company are accounted for as a reduction in the carrying amount of the Company’s investment.

The Company has determined that it has significant influence over Compagnie Minière Montagne d’Or SAS (“CMMO”) (note 7).

(f) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or the incremental borrowing rate if the interest rate cannot be readily determined. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method, and accreted accordingly.

3. Significant Accounting Policies - continued**(g) Restoration Provision**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

(h) Finance Income and Expenses

Finance income comprises interest income on funds invested (including marketable securities, gains on the disposal of marketable securities and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(i) Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

(j) Earnings per Share

Earnings per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

3. Significant Accounting Policies - continued**(k) Share-Based Payments**

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in note 10b.

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

The proceeds from private placements that include warrants are allocated using the relative fair value basis between the common shares and warrants. The value attributed to warrants is recorded in warrant reserves within equity. If the warrants are converted, the consideration paid, along with the amount previously recognized in warrant reserves, is recorded as an increase to share capital. Upon expiry of warrants, any value attributed remains in reserves.

(l) Financial Instruments

The Company's financial instruments consist of cash, marketable securities, receivables, and accounts payable.

The Company's classification of its financial instruments is as follows:

Asset or Liability	IFRS 9 Classification
Cash	FVTPL
Marketable securities	FVTPL
Receivables	Amortized cost
Accounts Payable	Amortized cost

¹ Fair value through profit and loss ("FVTPL")

Classification

On initial recognition, the Company classifies its financial instruments in the following categories: at ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

3. Significant Accounting Policies – continued

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Measurement*Financial Assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial Assets and Liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition***Financial Assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Changes in Accounting Standards

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. Marketable Securities

	September 30, 2022 (\$)	September 30, 2021 (\$)
Organto Foods Inc. ("Organto")	-	451
	-	451

During the year ended September 30, 2022, the Company recorded an unrealized gain on marketable securities of \$nil (2021 – gain of \$342). During the year ended September 30, 2022 the Company sold marketable securities and recorded a realized loss of \$328 (2021 – gain of \$345).

6. Receivables

	September 30, 2022 (\$)	September 30, 2021 (\$)
Xebra Brands Ltd. ("Xebra") (note 11)	-	126
Other	21	4
	21	130

7. Investment in Compagnie Minière Montagne d'Or SAS ("CMMO")

The Company owns a 44.99% interest in the Montagne d'Or Project in French Guiana, France, which includes the Montagne d'Or gold deposit, mining concessions and exploration permits, held by CMMO. The other 55.01% is held by Nord Gold plc ("Nordgold").

The Company accounts for its investment in CMMO as an equity accounted investment. A continuity of the investment in CMMO is shown below:

	(\$)
Balance, October 1, 2020	38,220
Proportionate share of losses	(265)
Foreign exchange loss	(2,988)
Balance, September 30, 2021	34,967
Proportionate share of losses	(1,739)
Foreign exchange loss	(4,037)
Impairment loss	(29,191)
Balance, September 30, 2022	-

MDO Mining Concessions

CMMO's title to the Montagne d'Or Project was initially held in 8 mining concessions (each, a "Concession") plus 2 exclusive exploration permits covering a total area of 190 km². Historically, the Concessions were granted to the original applicant and all subsequent title holders in perpetuity, in accordance with a French Imperial Law of the year 1810. As such, when the Concessions were first granted, they had the benefit of never expiring.

7. Investment in Compagnie Minière Montagne d'Or SAS ("CMMO") – continued

In 1994, the French Mining Code was amended to provide that all mining concessions granted under the Imperial Law of 1810 would expire on December 31, 2018, including CMMO's Concessions, but can be subject to successive extensions not exceeding 25 years. In accordance therewith, and after extensive exploration work, CMMO submitted renewal applications for a 25-year period for the core project Concessions (2 of the 8 Concessions), two years prior to the expiration date. Exploration results did not justify renewal applications for the other 6 Concessions.

Renewal of the two CMMO Concessions involved a national public enquiry, which was carried out in November and December 2018. The Commission of Mines in French Guiana was expected to provide a non-binding opinion to the French Minister of Economy in charge of mines, which makes a renewal decision. The renewal of the Concessions was on the agenda of the Commission of Mines on October 16, 2019, but was removed from the agenda prior to the Commission's meeting and the Prefect of French Guiana indicated that it would be considered at a future meeting following some complementary legal analysis.

The Mining Code provides that there is an implicit (deemed) refusal of the renewal applications if no response is received by the Minister in charge of mines within two years of the date the applications were submitted. On December 21, 2018, the Minister informed CMMO, and all other holders of former historical concessions in French Guiana, that the assessment of their application might not be finalized upon the deadline and notified each applicant that exceeding this deadline will not preclude an explicit (formal) decision at a later date. The letter stated further that the French Supreme Administrative Court (Conseil d'État) had provided that the operator "may continue its works until an explicit (formal) decision of its request for renewal." Conditions for renewal include the requirement that the concessions be exploited on December 31, 2018, and the examination by the administrative authority of the technical and financial capacities of the title holder as well as the foreseeable duration of the exploitation of the deposit.

In order to protect its rights to the CMMO Concessions, in February and March 2019, CMMO filed proceedings in the Administrative Court of Cayenne in French Guiana to invalidate any implicit (deemed) refusal as a result of the French government having failed to respond within the prescribed deadline, and to expedite a clear and definitive formal written decision from the Minister in charge of mines. On December 24, 2020, the Administrative Court of Cayenne in French Guiana concluded the implicit refusals were cancelled and ordered the State to extend the Concessions and to set the duration of these extensions within a period of six months from the notification of the court judgement. The Minister of Economy, and a non-governmental organization (NGO) permitted to intervene in the case, had two months to appeal the decision.

The French Government issued a press release on February 3, 2021 announcing that it had filed an appeal with the Administrative Court of Appeal of Bordeaux on January 25, 2021 from the Administrative Court of Cayenne ruling on December 24, 2020, which had ordered the renewal of the Concessions. The press release also reaffirms the Government's view that the Montagne d'Or Project, as it has been presented, is not compatible with the Government's environmental ambitions.

On July 16, 2021, the Administrative Court of Appeal of Bordeaux rejected the French Government's appeal and request for a stay of execution of the court rulings of December 24, 2020. In its ruling, the Court of Appeal of Bordeaux concluded that the arguments put forth by the French Government were without merit and that CMMO submitted complete applications and met all requirements for the renewal of the Concessions. An additional court claim was made by CMMO on June 25, 2021, before the Administrative Court of Appeal of Bordeaux to execute the decision of the Administrative Court of Cayenne and for the French Government to pay 10,000 Euro a day in penalties per Concession (20,000 Euro total), for every day that the Concessions are not renewed. The additional court claim was initially withdrawn, although on May 20, 2022 the Administrative Court of Appeal of Bordeaux decided to cancel the withdrawal and to open the judicial procedure on the claim.

On October 7, 2021, the Company reported that it was informed that the French Government had filed a final appeal to the French Supreme Court, and on May 10, 2022, that the Supreme Court had admitted the final appeal. To December 19, 2022 there has been no further update to this appeal.

The renewal of the Concessions was reviewed by the Commission of Mines in French Guiana on December 9, 2021. The Commission rendered a non-binding unfavorable mention based on environmental grounds and the new Mining Code. The mention has no effect on the previously rendered decisions by the Administrative Court of Cayenne in French Guiana and the Court of Appeal of Bordeaux, which were in favor of CMMO, and ordered the renewal of the Concessions.

7. Investment in Compagnie Minière Montagne d'Or SAS ("CMMO") – continuedUS Sanction Imposed on Nordgold

On June 2, 2022, Nordgold had been sanctioned (the "Nordgold Sanction") by the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC"), under Russian Harmful Foreign Activities Sanctions Regulations - 31 CFR part 587. General License No. 37 was also issued.

Under General License No. 37, all transactions prohibited by Presidential Executive Order 14024 that are ordinarily incident and necessary to the wind down of transactions involving Nordgold, or any entity in which Nordgold owns, directly or indirectly, a 50 percent or greater interest, are authorized through 12:01 a.m. eastern daylight time, July 1, 2022, under certain conditions.

On June 28, 2022, OFAC issued a new General License related to Nordgold. Specifically, OFAC issued General License No. 43, which applies to any parties subject to agreements or transactions with Nordgold and its associated entity Severstal. The terms of this new general license thereby extended the Company's deadline to wind-up its joint-venture with Nordgold until August 31, 2022.

European Union Sanction Imposed on Nordgold Shareholder

On June 3, 2022, Marina Aleksandrovna Mordashova was Sanctioned by the European Union. Mrs. Mordashova became the controlling shareholder of Nordgold on February 28, 2022.

Proposed Acquisition of 100% of CMMO and MDO

On August 30, 2022, the Company entered into a legally binding letter agreement (the "Proposed Acquisition") with Nordgold to obtain Nordgold's 55.01% interest in CMMO (for a total of 100%). Under the terms of the letter agreement, there are no up-front payments. Consideration is entirely at the back-end, whereby the Company will only be obligated to pay Nordgold \$100,000 if and when the Company receives all permits and authorizations necessary for construction of a mine that produces a minimum of 100,000 ounces of gold per year. If Nordgold's shareholders are still under sanctions (see Nordgold sanctions sections above) at the time of the \$100,000 payment, then the funds will be paid to a blocked bank account.

The binding letter agreement becomes effective with, and is subject to, the approval of all applicable sanctions authorities. The Company and Nordgold will complete a definitive agreement in due-course. The Company intends to fully co-operate with all applicable authorities pertaining to sanctions regulations.

On September 13, 2022, the Company announced that the French Government ministry responsible for overseeing matters related to Russian sanctions, had approved (the "French Approval") the Proposed Acquisition. The French Approval requires the Proposed Acquisition to be completed by December 31, 2022. This was subsequently extended to February 28, 2023. The Proposed Acquisition is subject to the approval or non-objection of all applicable sanctions authorities, including France (now obtained), the United Kingdom and the United States.

Impairment

As a result of the sanctions on Nordgold and its controlling shareholder, and related uncertainties, the Company impaired the value of its investment in CMMO to \$nil during the year ended September 30, 2022.

8. Exploration and Evaluation AssetsMaripa Gold Project ("Maripa")

On July 19, 2018, the Company entered into an agreement (the "Maripa Option Agreement") with a subsidiary of IAMGOLD Corporation ("IAMGOLD") to acquire up to a 70% interest in Maripa, located in French Guiana, France.

On February 14, 2022, the Company entered into a purchase agreement (the "Maripa Purchase Agreement") with IAMGOLD whereby the Company was to acquire a 100% interest in Maripa in exchange for 6,000,000 common shares of the Company, and IAMGOLD retaining a 1.5% NSR on Maripa. The closing of the Maripa Purchase Agreement transaction was subject to a number of conditions, including TSX and other regulatory approvals. Concurrent with the closing of the Maripa Purchase Agreement transaction, the Maripa Option would be terminated.

8. Exploration and Evaluation Asset – continued

On June 6, 2022, the Company terminated the Maripa Option Agreement and the Maripa Purchase Agreement to focus on the Montagne d’Or Project. Consequently, the Company wrote off the carrying value of Maripa in the amount of \$3,098. The Company has accrued \$170 (€126) in connection with restoration obligations for Maripa, which is included in accounts payable and accrued liabilities.

A summary of the Company’s exploration and evaluation asset for the years ended September 30, 2022 and 2021 is set out below:

	Maripa Gold Project
	\$
Balance at October 1, 2020	1,701
Drilling	286
Geology and geophysics	44
Salaries and consulting	496
Supplies	74
Equipment	21
Permitting	53
Assays and analysis	77
Other	39
Foreign exchange	(133)
Balance at September 30, 2021	2,658
Drilling	278
Geology and geophysics	29
Salaries and consulting	260
Supplies	13
Equipment	7
Permitting	18
Assays and analysis	47
Transportation	3
Other	32
Foreign exchange	(247)
Loss on exploration and evaluation assets	(3,098)
Balance at September 30, 2022	-

Antino Gold Project

On March 17, 2022, the Company signed a formal option agreement (the “FOA”) to acquire up to a 75% interest in the Antino Gold Project (“Antino”) in Suriname, South America, and as amended on June 24, 2022, October 13, 2022 and November 3, 2022, with the following key terms:

- **First Option Stage for 51% Interest**
 - to acquire an initial 51% interest in Antino within three years of the Commencement Date (defined below) by:
 - Making cash payments totaling \$2,267 (US\$1,650), of which only \$481 (US\$350) is payable within the first year;
 - Issuing common shares of the Company totaling \$323;
 - Incurring a minimum of \$8,245 (US\$6,000) in exploration expenditures; and
 - Completing a NI 43-101 Technical Report containing a minimum of 500,000 oz of gold in any category.
- **Second Option Stage for an Additional 19% Interest for a Total of 70%**
 - within two years of completion of the First Option Stage:
 - Making cash payments totaling \$2,061 (US\$1,500);
 - Issuing common shares of the Company totaling \$19;
 - Incurring a minimum of \$13,741 (US\$10,000) in exploration expenditures; and
 - Completing a positive preliminary economic assessment.
 - In the event that the Company does not proceed with the completion of the Second Option Stage, the Company will transfer its interest in Antino back to the optionor.

8. Exploration and Evaluation Asset - continued

- Third Option Stage for an Additional 5% for a Total of 75%
 - within three years of completion of the Second Option Stage:
 - Incurring a minimum of \$13,741 (US\$10,000) in exploration expenditures; and
 - Completing a bankable feasibility study.

The Commencement Date starts when certain conditions have been met, including but not limited to, satisfactory completion of due diligence and regulatory approvals. The expiry date for the conditions to be met is March 31, 2023. As not all approvals have yet been obtained as at September 30, 2022, expenditures incurred in connection with Antino has been expensed in General Exploration on the statement of comprehensive loss.

Antino Sale

On October 24, 2022, the Company announced that it has signed a binding letter agreement (the “Assignment Agreement”) with Founders Metals Inc. (“FMI”) whereby FMI will be assigned (the “Assignment”) all of Orea’s rights and obligations pursuant to the FOA. As consideration, FMI will pay:

- \$250 in cash upon signing the Assignment Agreement (received);
- \$250 in cash on the earlier of completion of the Assignment (the “Closing”) or December 31, 2022; and
- 1 million common shares, which shall be subject to a four-month statutory hold period in accordance with the policies of the TSX Venture Exchange (the “TSXV”) and applicable securities laws, on the earlier of closing or January 31, 2023.

The closing is subject to various conditions, including approval from the TSXV and completion by March 31, 2023. As at the date of these financial statements, the Assignment has not yet closed.

9. Property and Equipment

	Office Furniture and Equipment (\$)	Right of Use Assets (\$)	Total (\$)
Cost			
Balance, October 1, 2020	179	122	301
Additions	9	128	137
Foreign exchange	(4)	(2)	(6)
Balance, September 30, 2021	184	248	432
Dispositions	(8)	-	(8)
Lease modifications	-	(37)	(37)
Balance, September 30, 2022	176	211	387
Accumulated Amortization			
Balance, October 1, 2020	(146)	(19)	(165)
Amortization	(14)	(80)	(94)
Foreign exchange	2	4	6
Balance, September 30, 2021	(158)	(95)	(253)
Amortization	(10)	(76)	(86)
Foreign exchange	(1)	(1)	(2)
Balance, September 30, 2022	(169)	(172)	(341)
Net book value, September 30, 2021	26	153	179
Net book value, September 30, 2022	7	39	46

Orea Mining Corp.

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2022

(Expressed in thousands of Canadian Dollars, except where noted)

**9. Property and Equipment - continued**Lease liability

The estimated fair value of lease liabilities is based on an incremental borrowing rate of 15%. Leases include an office lease and office equipment.

	Year Ended	
	September 30, 2022 (\$)	September 30, 2021 (\$)
Balance, beginning of year	153	107
Modification	(37)	128
Lease payments	(85)	(113)
Interest expense on lease liability	10	27
Foreign exchange	-	4
Balance, end of year	41	153
Current portion	34	125
Long-term portion	7	28

Maturity Analysis

	(\$)
Contractual undiscounted cash flows:	
Less than one year	34
Two to three years	7
Total undiscounted lease liabilities as at September 30, 2022	41
Lease liabilities in Consolidated Statements of Financial Position as at September 30, 2022	
Current (included in accounts payable)	34
Non-current (included in lease liabilities)	7
	41

Amounts Recognized in Consolidated Statements of Comprehensive Income (Loss)

	Year Ended	
	September 30, 2022 (\$)	September 30, 2021 (\$)
Interest expense on lease liabilities	10	27
Expenses relating to short-term leases	44	40
	54	67

10. Share Capital

(a) Common Shares

Authorized - unlimited common shares without par value.

At September 30, 2022, the Company had 216,400,159 (September 30, 2021 – 205,142,425) common shares issued and outstanding.

10. Share Capital - continued

On June 16, 2022, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$215. The private placement was for 4,300,000 units at a price of \$0.05 per unit. Each unit consisted of 1 common share of the Company, and a full warrant. Each full warrant entitled the holder to purchase one common share of the Company at a price of \$0.10. The warrants expire 18 months from the date of issuance. An aggregate \$12 has been paid in finders' fees.

On January 25, 2022, the Company completed a non-brokered private placement for gross proceeds of \$800. The private placement was for 6,666,667 units at a price of \$0.12 per unit. Each unit consisted of 1 common share of the Company, and half a warrant. Each full warrant entitled the holder to purchase one common share of the Company at a price of \$0.18. The warrants expire 18 months from the date of issuance. An aggregate \$13 and 291,067 shares with a fair value of \$35 have been paid in finders' fees. Total warrants issued have a fair value of \$131. Other share issue costs totalled \$9.

On September 22, 2021, the Company issued 437,500 shares in connection with a warrant exercise (note 8c) for gross proceeds of \$105.

On January 21, 2021, the Company closed a private placement, raising gross proceeds of \$1,400 through the issuance of 8,235,294 units at a price of \$0.17 per unit. Each unit is comprised of one common share and a half warrant. Each full warrant entitles the holder, on exercise, to purchase one share at a price of \$0.30 for a period of 18 months from the closing date of the private placement. An aggregate of 548,471 units has been paid in finders' fees, with a fair value of \$93. Total warrants issued have a fair value of \$175. Share issue costs totalled \$13.

(b) Share Options

The Company has a share option plan and restricted share unit ("RSU") plan to issue share options and RSUs whereby the total share options and RSUs outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options and RSUs to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, October 1, 2020	6,932,500	0.41
Granted	7,725,000	0.25
Forfeited	(4,300,000)	0.46
Cancelled	(37,500)	0.25
Expired	(645,000)	0.40
Balance, September 30, 2021	9,675,000	0.26
Forfeited	(200,000)	0.25
Expired	(500,000)	0.30
Balance, September 30, 2022	8,975,000	0.26

Orea Mining Corp.

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2022

(Expressed in thousands of Canadian Dollars, except where noted)



10. Share Capital - continued

A summary of the Company's options as at September 30, 2022 is as follows:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)
0.25	700,000	1.45	700,000	1.45
0.25	7,475,000	3.35	7,475,000	3.35
0.30	100,000	0.52	100,000	0.52
0.30	650,000	0.93	650,000	0.93
0.48	50,000	0.38	50,000	0.38
0.25-0.48	8,975,000	2.98	8,975,000	2.98

The fair value of vested share options recognized as an expense during the year ended September 30, 2022 was \$nil (2021 – \$485).

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during fiscal 2022 and 2021 are as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
February 3, 2021	7,725,000	79%	0.17%	2.96	-	0.06	484

(c) Warrants

The continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, October 1, 2020	9,743,750	0.25
Issued	4,391,882	0.30
Exercised	(437,500)	0.24
Expired	(9,306,250)	0.25
Balance, September 30, 2021	4,391,882	0.30
Issued	7,633,333	0.13
Expired	(4,391,882)	0.30
Balance, September 30, 2022	7,633,333	0.13

The fair value of each warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding.

10. Share Capital - continued

The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate. Assumptions used for warrants issued during 2022 and 2021 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value per Warrant (\$)	Total Fair Value (\$)
June 16, 2022	4,300,000	100%	3.20%	1.50	-	0.02	73
January 25, 2022	3,333,333	99%	1.21%	1.50	-	0.04	131
January 21, 2021	4,391,882	84%	0.17%	1.50	-	0.04	175

As at September 30, 2022, all outstanding warrants are exercisable, have a weighted average exercise price of \$0.13 per warrant and a weighted life of 1.04 years.

(d) Loss per Share

	Year Ended	
	September 30, 2022 (\$)	September 30, 2021 (\$)
Basic loss per share	(0.18)	(0.02)
Diluted loss per share	(0.18)	(0.02)
Net loss for the year	(37,089)	(3,111)

(in thousands)	Year Ended	
	September 30, 2022	September 30, 2021
Shares outstanding, beginning of year	205,142	195,921
Effect of share offerings	4,747	6,088
Effect of warrants exercised	1,261	11
Basic weighted average number of shares outstanding	211,150	202,020
Effect of dilutive share options	-	-
Effect of dilutive warrants	-	-
Diluted weighted average number of shares outstanding	211,150	202,020

As at September 30, 2022, there were 8,975,000 (2021 – 9,675,000) share options and 7,633,333 (2021 – 4,391,882) warrants that were potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

(e) Reserves
Share Options and Warrants

The share options and warrants reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Accumulated Other Comprehensive Income (Loss)

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising from translation of foreign operations that have a functional currency other than the Company's reporting currency.

11. Related Party Transactions

The Company entered into a fixed fee agreement (the “Xebra Services Agreement”), whereby the Company provided certain overhead and administration services in exchange for a fixed fee of \$10 per month and a reduction in compensation of \$8 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020 and replaced with an updated services agreement (the “Updated Services Agreement”) effective January 1, 2021 for \$2 per month. Effective June 1, 2021, the Updated Services Agreement was amended whereby the monthly fee is increased to \$30 per month, which was further amended effective January 1, 2022 whereby the monthly fee is increased to \$40 per month. The Updated Services Agreement will terminate effective March 15, 2023. The Company and Xebra have a director in common, and as a result of the Updated Services Agreement arrangement, certain officers in common.

The Company entered into an office cost reimbursement agreement (the “OCRA”) with Shellron Capital Ltd. (“Shellron”), effective January 1, 2022, whereby the Shellron reimburses the Company for certain office costs totaling \$2 per month. The Company and Shellron have certain directors and officers in common.

The Company had a note receivable of \$1,604 (the “Grid Note”) from Allegiant, a company with a certain director in common, originally due on the later of March 1, 2019 or when Allegiant has completed one or more equity financings with collective proceeds of a minimum of \$4,000 subsequent to the date on which Allegiant lists on the TSX-V. On March 5, 2019, the Company received 1,000,000 common shares (the “Extension Shares”) of Allegiant in exchange for extending the due date of the Grid Note to December 31, 2020 (the “Extended Grid Note”). The fair value of the Extension Shares was \$190 at the time of issuance. The fair value of the Extended Grid Note is \$1,220, based on a 15% discount rate. The fair value of the Grid Note has been further reduced by the fair value of the Extension Shares, resulting in a carrying value of \$1,030 on initial recognition. The Extended Grid Note was to be accreted to its face value of \$1,604 by the due date. The Grid Note was non-interest bearing and unsecured.

On October 21, 2020 the Extended Grid Note was settled in exchange for 3,201,766 shares (the “Settlement Shares”) of Allegiant. Consequently, the Company impaired the carrying value of the Extended Grid Note to \$1,345, and recorded an impairment charge of \$166 which corresponds to the fair value of the Settlement Shares as at September 30, 2020. The market value of the Settlement Shares received on October 21, 2020 was \$1,073, resulting in a loss of \$272 on settlement. A summary of the Grid Note is presented in the following table:

	(\$)
Balance, October 1, 2020	1,345
Settlement	(1,073)
Loss on settlement	(272)
Balance, September 30, 2022 and September 30, 2021	-

The following is a summary of related party transactions:

	Year Ended	
	September 30, 2022	September 30, 2021
	(\$)	(\$)
Management fees paid to Columbus Capital Corporation; a company controlled by the Chairman of the Company	125	90
Management fees paid to the President and CEO of the Company	209	264
Accounting fees paid to the CFO of the Company	192	192
Directors’ fees paid or accrued	144	144
Share-based payments incurred to directors and executives officers of the Company	-	374
Administration cost recoveries received or accrued from Xebra	(450)	(148)
Administration cost recoveries received or accrued from Allegiant	-	(18)
Administration cost recoveries received or accrued from Columbus Capital Corporation	(19)	-
Amounts reimbursed or receivable under the OCRA	(18)	-
	183	898

Orea Mining Corp.

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2022

(Expressed in thousands of Canadian Dollars, except where noted)

11. Related Party Transactions - continued

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	September 30, 2022 (\$)	September 30, 2021 (\$)
Receivable due from Xebra (Advances received from Xebra)	(88)	126
Receivable from Columbus Capital Corporation	9	-
Management fees advance (payable) to Columbus Capital Corporation	(28)	8
Directors' fees payable	(132)	(36)
	(239)	98

12. Segmented Disclosure

The Company has one reportable business segment, being mineral exploration and development. Assets by geographical area are as follows:

	September 30, 2022 (\$)	September 30, 2021 (\$)
Current assets		
Canada	182	2,025
Luxembourg/Panama	3	22
France (French Guiana)	41	205
Colombia	2	-
	228	2,252
Non-current assets		
Canada	26	159
Luxembourg/Panama	19	-
France (French Guiana)	-	37,645
Colombia	1	-
	46	37,804
Total assets		
Canada	208	2,184
Luxembourg/Panama	22	22
France (French Guiana)	41	37,850
Colombia	3	-
	274	40,056

13. Commitments

The Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Office lease payment	30	7	-	37
Equipment	4	-	-	4
	34	7	-	41

14. Financial Risk and Capital ManagementFinancial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2022 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks and an investment firm. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada and trade receivables. Management believes that the credit risk with respect to cash and receivables as it relates to goods and services tax are low, and medium as it relates to remaining other receivables.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2022, the Company has working capital deficiency of \$930 (September 30, 2021 – working capital of \$1,795). Management assessed liquidity risk to be high.

(c) Market Risks**(i) Foreign Currency Risk**

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates of its subsidiaries in French Guiana, Panama and Colombia. The Company also has assets and liabilities denominated in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(iii) Interest Rate Risk

The Company does not have any interest-bearing debt and is therefore not exposed to interest rate risk.

Sensitivity Analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain cash balances, receivables and accounts payables in US Dollars and European Euros, currencies other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar and European Euro would have a corresponding effect of approximately \$4,600 to profit or loss.

14. Financial Risk and Capital Management - continuedCapital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration and development stage, its principal source of funds is from the issuance of common shares.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

Fair Value

The fair value of the Company's financial instruments including cash, receivables, and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

The fair value of marketable securities is based on quoted market prices for publicly traded shares.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Marketable securities are classified as Level 1. At September 30, 2022, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Financial Instrument	Measurement Method	Associated Risks	Fair value at
			September 30, 2022 (\$)
Cash	FVTPL (Level 1)	Credit and currency	134
Marketable securities	FVTPL (Level 1)	Exchange	-
Receivables	Amortized cost	Credit and concentration	21
Accounts payable	Amortized cost	Currency	(687)
			(532)

15. Income Taxes

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

	Year Ended	
	September 30, 2022	September 30, 2021
	(\$)	(\$)
Loss before taxes	(37,089)	(3,111)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax (recovery) expense	(10,014)	(840)
Foreign tax differences, rate changes and foreign exchange	6,641	(187)
Expiry of non-capital losses carried forward	-	300
Non-taxable items	785	398
Share issue costs	(19)	(29)
True up prior year timing differences	(9)	13
Non deductible equity loss in affiliate	580	88
Change in valuation of deferred tax assets	2,036	257
Income tax expense	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2022	September 30, 2021
	(\$)	(\$)
Net operating losses carried forward	6,186	5,286
Share issuance costs	45	38
Equipment and other	81	79
Investments	303	203
Capital losses carried forward	487	494
Resource properties	1,033	-
Valuation allowance	(8,135)	(6,100)
	-	-

15. Income Taxes – continued

As of September 30, 2022, the Company has Canadian tax loss carry-forwards of approximately \$17,106 (2021 - \$14,913) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carry-forwards will expire, if not utilized as follows:

	Canada (CDN\$)	Colombia (Peso)	French Guiana (Euro)
September 30, 2026	765		-
September 30, 2027	982		-
September 30, 2028	814		-
September 30, 2029	543		-
September 30, 2030	450		-
September 30, 2031	94		-
September 30, 2032	860		-
September 30, 2033	452		-
September 30, 2034	945		-
September 30, 2035	165		-
September 30, 2036	488		-
September 30, 2037	1,932		-
September 30, 2038	1,736		493
September 30, 2039	1,222		758
September 30, 2040	1,277		1,097
September 30, 2041	2,187	50,281	218
September 30, 2042	2,194	48,934	908
	17,106	99,215	3,474

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

16. Subsequent Event

On October 11, 2022, the Company granted 6,875,000 share purchase options (the Option Grant) to certain directors and employees of the Company. Each option allows the optionee to acquire one common share of the Company at an exercise price of \$0.10 for a period of five years from the date of grant.

On October 24, 2022, the Company announced that it has signed a binding letter agreement (the "Assignment Agreement") with Founders Metals Inc. ("FMI") whereby FMI will be assigned (the "Assignment") all of Orea's rights and obligations pursuant to the FOA. As consideration, FMI will pay:

- \$250 in cash upon signing the Assignment Agreement (received);
- \$250 in cash on the earlier of completion of the Assignment (the "Closing") or December 31, 2022; and
- 1 million common shares, which shall be subject to a four-month statutory hold period in accordance with the policies of the TSX Venture Exchange (the "TSXV") and applicable securities laws, on the earlier of Closing or January 31, 2023.

The Closing is subject to various conditions, including approval from the TSXV and shall occur on the date following receipt of TSXV approval on or before March 31, 2023 (Note 8).