Dynacor

Dynacor Group Inc.

Consolidated Financial Statements

As at and for the years ended December 31, 2023 and 2022
(in US dollars)

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Dynacor Group Inc.

Opinion

We have audited the consolidated financial statements of Dynacor Group Inc. (hereafter "the Corporation"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting 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 consolidated financial statements" section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment for impairment of exploration and evaluation assets

As described in Note 5 to the consolidated financial statements, exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Corporation performs an impairment test. We identified the Corporation's assessment for impairment of exploration and evaluation assets as a key audit matter.

Why the matter was determined to be a key audit matter

This assessment for impairment of exploration and evaluation assets was significant to our audit because the balance of exploration and evaluation assets of $18,566,364 as at December 31, 2023 is material to the consolidated financial statements. In addition, management's assessment process is subjective, involves judgment and is based on assumptions, specifically but not limited to the following:

- The intention of management to maintain in good standing its mining rights and to perform further exploration and evaluation work in the future;
- The budgeted expenditures on the exploration properties;
- The results of past exploration work and the potential to discover commercially viable quantities of minerals on the projects;
- The possibility that, although additional exploration programs on the properties are likely to proceed, the carrying amount of the exploration and evaluation assets may not be recovered, partially or in full, by a successful development or by sale, since they are affected by expected future market or economic conditions, particularly those in Peru, giving rise to high uncertainty.

How the matter was addressed in the audit

Our audit procedures related to the Corporation's assessment for impairment of exploration and evaluation assets included, among others, the following:

- We assessed management's process of the facts and circumstances for determining whether an impairment indicator occurred by inspecting the Corporation's communications, including minutes and press releases and making requests for information from management;
- We inspected government registries related to the Corporation's validity of the mining rights for its exploration properties. If a mining right has expired at year-end or will expire in the near future, we evaluated management's intention to renew it and its ability to do so;
- We reviewed the Corporation's exploration and evaluation budgets and plans for the next years to evaluate management's intention to perform further exploration and evaluation work when an agreement with the local community will be reached;

Assessment of uncertain income tax positions

As described in Note 5 to the consolidated financial statements, the Corporation is subject to taxes from different tax country jurisdictions and the determination of tax treatment may require the Corporation to exercise judgment in its interpretation of the applicable tax law. The judgments and estimates made to recognize and measure the effect of uncertain tax positions underlying these claims are reassessed at the end of each reporting period and the Corporation adjusts them based on changing facts and circumstances. We identified the Corporation's assessment of uncertain income tax positions as a key audit matter.

Why the matter was determined to be a key audit matter

As described in Note 21 to the consolidated financial statements, the Peruvian local tax authorities issued notices of assessments, in Peruvian Sol, in the aggregate amount of $16.0 million for the years 2015 to 2017. The Corporation has initiated an opposition process with regards to these claims. The assessment of uncertain income tax positions underlying these claims was significant to our audit given the significance of the amounts of the tax claims. In addition, this matter required significant judgment to determine the likelihood of whether the tax position taken by the Corporation will ultimately be accepted by tax authorities and also required the use of external tax and legal Peruvian advisors.

How the matter was addressed in the audit

Our audit procedures related to the Corporation's assessment of uncertain income tax positions included, among others, the following:

- We assessed management's process for determining whether an uncertain tax position is probable or not;
- We inquired with management, we reviewed correspondence with relevant taxation authorities and we inspected internal documentation, including their interpretation and assessment of the tax filing positions;
- We inspected opinions provided by the Corporation's external tax and legal Peruvian advisors;
- We reviewed the calculation of the provision for uncertain income tax positions with the assistance of our Peruvian tax specialists;
- We assessed the adequacy of the disclosures in the consolidated financial statements.

Information other than the consolidated financial statements and the auditor's report thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and were therefore the key audit matters. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 26, 2024

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[1] CPA auditor, public accountancy permit no. A120795

Dynacor Group Inc.

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in US dollars)

	2023 $	2022 $
ASSETS		
CURRENT ASSETS		
Cash (Note 6)	**22,480,659**	25,595,402
Accounts receivable (Note 7)	**13,328,560**	12,298,031
Inventories (Note 8)	**31,924,822**	16,447,014
Prepaid expenses and other assets	**276,903**	224,475
Current tax asset	**-**	370,512
	68,010,944	54,935,434
NON-CURRENT ASSETS		
Property, plant and equipment (Note 9)	**24,590,101**	21,391,556
Right-of-use assets (Note 12)	**612,956**	700,588
Exploration and evaluation assets (Note 10)	**18,566,364**	18,542,858
Other non-current assets (Note 8)	**-**	1,331,864
	43,769,421	41,966,866
TOTAL ASSETS	**111,780,365**	96,902,300
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables (Note 11)	**15,357,446**	11,168,152
Current tax liabilities	**1,798,843**	-
Current portion of lease liabilities (Note 12)	**56,879**	66,082
	17,213,168	11,234,234
NON-CURRENT LIABILITIES		
Asset retirement obligations (Note 13)	**3,723,833**	3,642,247
Lease liabilities (Note 12)	**578,812**	635,150
Deferred tax liabilities (Note 15)	**677,279**	1,109,907
	4,979,924	5,387,304
TOTAL LIABILITIES	**22,193,092**	16,621,538
SHAREHOLDERS' EQUITY		
Share capital (Note 14 a))	**21,867,982**	22,413,093
Contributed surplus (Notes 14 b) and c))	**3,696,479**	3,232,794
Retained earnings	**64,022,812**	54,634,875
TOTAL SHAREHOLDERS’ EQUITY	**89,587,273**	80,280,762
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**111,780,365**	96,902,300

Contingencies and other commitments (Note 21).

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

Approved by the Board of Directors,

(s) Jean Martineau
Jean Martineau

(s) Roger Demers FCPA, ASC
Roger Demers FCPA, ASC

Dynacor Group Inc.

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

	Years ended December 31, 2023 $	2022 $
Sales	**250,188,604**	197,545,309
Cost of sales (Note 17)	**(219,988,998)**	(173,120,035)
Gross operating margin	**30,199,606**	24,425,274
General and administrative expenses (Note 17)	**(7,095,735)**	(5,969,999)
Other projects expenses	**(1,005,032)**	(318,193)
Operating income	**22,098,839**	18,137,082
Financial income (Note 17)	**1,155,291**	371,941
Financial expenses (Note 17)	**(398,168)**	(286,564)
Write-off of exploration and evaluation assets (Note 10)	**(6,934)**	(386)
Foreign exchange gains (loss)	**97,974**	(105,266)
Income before income taxes	**22,947,002**	18,116,807
Income tax expense		
Current (Note 15)	**(8,311,286)**	(6,548,128)
Deferred (Note 15)	**432,628**	445,371
	(7,878,658)	(6,102,757)
Net income and comprehensive income	**15,068,344**	12,014,050
Weighted average number of outstanding common shares (Note 16)		
Basic	**38,282,090**	38,684,227
Diluted	**38,887,366**	39,623,805
Earnings per share (Note 16)		
Basic	**$0.39**	$0.31
Diluted	**$0.39**	$0.30

Contingencies and other commitments (Note 21)

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

Dynacor Group Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

	Share Capital $	Contributed surplus $	Retained earnings $	Total equity $
Balance, January 1, 2023	**22,413,093**	**3,232,794**	**54,634,875**	**80,280,762**
Net income and comprehensive income for the year	-	-	15,068,344	15,068,344
	22,413,093	3,232,794	69,703,219	95,349,106
Share-based compensation expense (Note 14 b))	-	148,488	-	148,488
Exercise of stock options (Note 14 a) i))	113,168	(37,467)	-	75,701
Deferred share units expense (Note 14 c))	-	352,664	-	352,664
Repurchase of common shares (Note 14 a) ii))	(658,279)	-	(2,232,606)	(2,890,885)
Dividends (Note 14 d))	-	-	(3,447,801)	(3,447,801)
Transactions with owners	(545,111)	463,685	(5,680,407)	(5,761,833)
Balance, December 31, 2023	**21,867,982**	**3,696,479**	**64,022,812**	**89,587,273**

	Share Capital $	Contributed surplus $	Retained earnings $	Total equity $
Balance, January 1, 2022	**21,511,430**	**3,477,955**	**47,019,260**	**72,008,645**
Net income and comprehensive income for the year	-	-	12,014,050	12,014,050
	21,511,430	3,477,955	59,033,310	84,022,695
Share-based compensation expense (Note 14 b))	-	71,328	-	71,328
Exercise of stock options (Note 14 a) i))	1,370,259	(491,914)	-	878,345
Deferred share units expense (Note 14 c))	-	175,425	-	175,425
Repurchase of common shares (Note 14 a) ii))	(468,596)	-	(1,395,407)	(1,864,003)
Dividends (Note 14 d))	-	-	(3,003,028)	(3,003,028)
Transactions with owners	901,663	(245,161)	(4,398,435)	(3,741,933)
Balance, December 31, 2022	**22,413,093**	**3,232,794**	**54,634,875**	**80,280,762**

The accompanying notes are an integral part of the consolidated financial statement

Dynacor Group Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in US dollars)

	Years ended December 31,	
	2023 **$**	**2022** **$**
Operating activities		
Net income	**15,068,344**	12,014,050
Adjustments for:		
Provision for impairment of accounts receivable (Note 17)	**121,731**	(39,862)
Depreciation (Note 17)	**3,348,993**	3,204,599
Gain on disposal of property, plant and equipment	**(40,037)**	(82,493)
Write-off of exploration and evaluation assets (Note 10)	**6,934**	386
Deferred tax recovery	**(459,215)**	(488,277)
Accretion expense on asset retirement obligations (Note 13)	**81,586**	79,799
Share based compensation (Note 14 b))	**148,488**	71,328
Deferred share units expense (Note 14 c))	**352,664**	175,425
Unrealized foreign exchange gain	**(58,512)**	(42,710)
	18,570,976	14,892,245
Changes in working capital items (Note 18)	**(8,962,939)**	(8,663,661)
Net cash from operating activities	**9,608,037**	6,228,584
Investing activities		
Proceeds from the disposal of property, plant and equipment	**118,103**	151,910
Acquisition of property, plant and equipment (Note 9)	**(6,537,972)**	(3,632,845)
Additions to exploration and evaluation assets (Note 10)	**(30,440)**	(27,411)
Net cash used in investing activities	**(6,450,309)**	(3,508,346)
Financing activities		
Payment on asset retirement obligations (Note 13)	**-**	(154,091)
Repayment of lease liabilities and interests' payments (Note 12)	**(65,541)**	(112,233)
Proceeds from the exercise of stock options (Note 14 a) i))	**75,701**	878,345
Repurchase of common shares (Note 14 a) iii))	**(2,890,885)**	(1,864,003)
Dividends	**(3,398,733)**	(2,972,820)
Net cash used in financing activities	**(6,279,458)**	(4,224,802)
Change in cash during the year	**(3,121,730)**	(1,504,564)
Effect of exchange rate fluctuation on cash	**6,987**	784
Cash, beginning of year	**25,595,402**	27,099,182
Cash, end of year	**22,480,659**	25,595,402
Income taxes paid related to operating activities	**6,077,695**	9,256,360

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

1. Statute of incorporation and nature of activities

On June 22, 2022, Dynacor Gold Mines Inc. changed its name to Dynacor Group Inc. ("Dynacor", the ultimate controlling corporation), an ore processing and exploration corporation active in Peru, incorporated under Part 1A of the Companies Act (Québec) and as of February 14, 2011, is governed under the Business Corporations Act (Québec). The Corporation's principal place of business is 625 René-Lévesque Blvd West, suite 1200, Montréal, Québec, Canada.

Dynacor, including one of its subsidiaries (collectively, the "Corporation"), produces gold and silver from ore purchased from local Peruvian miners which is processed at the Corporation's wholly owned processing plant in Chala, Peru. The Corporation derives all its sales from Peru. The Corporation does not have any mining producing properties.

The Corporation also hold interests in mineral properties in Peru that are currently in the exploration stage. The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Corporation's continued existence is dependent upon the continuation of ore processing operations.

2. Statement of compliance with IFRS, basis of measurement and basis of consolidation

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The policies applied in these consolidated financial statements are based on IFRS Accounting Standards issued and effective as at December 31, 2023.

These consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") on March 26, 2024.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

Basis of consolidation

The consolidated financial statements include the accounts of Dynacor, its subsidiaries and a structured entity. Dynacor controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances and transactions are eliminated on consolidation. Dynacor and its subsidiaries have a year end of December 31.

2. Statement of compliance with IFRS, basis of measurement and basis of consolidation (continued)

Basis of consolidation (continued)

These consolidated financial statements include the financial statements of Dynacor and its wholly owned Peruvian subsidiaries Minera Veta Dorada SAC, La Libertad Mining SAC (since December 2022), African subsidiaries Galam SA (since January 2023), Massawa SA (since June 2023) and Salla Niang SARL (since December 2023) and those of a structured entity.

3. Changes in accounting policies

New standards and interpretations not yet adopted by the Corporation

At the date of authorization of these consolidated financial statements, several new, but not yet effective standards, and amendments to existing standards and interpretations have been published by the IASB.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Corporation's consolidated financial statements.

4. Material accounting policies

Revenue recognition

Revenue includes sales of precious metal derived from the ore processing operation. Sales of precious metals, based on spot metal prices (less customer price discounts), are recorded upon delivery when control has transferred to the customer. This is when the physical delivery has occurred, the customer has legal title to and physical possession of precious metals.

Foreign currency translation

<u>Functional and presentation currency</u>

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars ("USD"), which is the Corporation's functional currency. The functional currency has remained unchanged during the reporting periods.

<u>Transactions and balances</u>

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Inventories

Gold doré and gold in process at the plant are valued at the lower of average production cost and net realizable value. The stockpiled ore is valued at the lower of the weighted average purchase cost and net realizable value. Supplies are valued at the lower of average cost and replacement cost. Net realizable value is the estimated selling price less applicable selling expenses and costs to complete in case of in-progress inventories. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal capacity.

4. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment and construction in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition, the development and construction of the asset and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in a manner intended by management. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant judgments, estimates and assumptions (Note 5) and asset retirement obligations (Note 13) for further information about the recognised decommissioning provision. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income as they are incurred.

Land is not amortized. Depreciation is calculated on a straight-line basis over the estimated useful life of each component, as follows:

Category	Years
Buildings	20
Plant and equipment	3 to 20 (*)
Rolling stock	2 to 5

(*) except for the tailing pond, depreciated using the units-of-production method.

The Corporation allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed at least at each financial year end and adjusted prospectively, if appropriate. Depreciation of property, plant and equipment is included in cost of sales, in exploration and evaluation assets and in general and administrative expenses based on the usage of related asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for its intended use. All other borrowing costs are recognized as financial expenses in the consolidated statement of comprehensive income as incurred.

Exploration and evaluation assets

Recognition and measurement

Exploration and evaluation activity involves the search for mineral deposits, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:
- Acquisition of rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

4. Significant accounting policies (continued)

Exploration and evaluation assets (continued)

All exploration and evaluation costs are capitalized as intangible assets in exploration and evaluation assets on a property-by-property basis pending determination of the technical feasibility and commercial viability of each project. Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired are recognized in the consolidated statement of comprehensive income as incurred. No depreciation expense is recognized on these assets during the exploration and evaluation period. All capitalized exploration and evaluation costs are recorded at acquisition cost less accumulated impairment losses.

When technical feasibility and commercial viability of extracting mineral resources are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

The Corporation may conclude mining and mineral purchase agreements with artisanal miners. Royalties generated from these contracts are recorded as a reduction to the related deferred exploration and evaluation costs.

The Corporation has taken steps to verify title of the mining properties in which it holds an interest, in accordance with industry standards for the current exploration stage of these properties. However, these procedures do not guarantee the validity of the Corporation's titles. Properties' titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment

Management monitors exploration and evaluation assets for indicators of impairment and when a potential impairment is indicated, an impairment test is performed. Exploration areas in which mineral resources have been discovered, but that require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of mineral resource exist or to ensure that additional exploration work is under way or planned. To the extent that capitalized expenditures are impaired they are charged to the consolidated statement of comprehensive income.

Leases

The Corporation considers whether a contract is or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation.
- the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Corporation has the right to direct the use of the identified asset throughout the period of use.

The Corporation assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases

At lease commencement date, the Corporation recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

4. Significant accounting policies (continued)

Leases (continued)

The Corporation also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit ("CGU") level. Whenever events or changes in circumstances indicated that the carrying amount may not be recoverable, an asset or CGU is reviewed for impairment.

Impairment assessment for exploration and evaluation assets are carried out annually on a project by project basis, with each project representing a potential single CGU. An impairment test is undertaken when indicators of impairment arise, but typically when one of the following circumstances applies:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell and its value in use. An impairment charge is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date when events or circumstances warrant such consideration.

Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value. If the financial asset or liability is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's or liability's acquisition or origination.

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

The classification depends on the entity's business model for managing the financial asset and the cash flow characteristics of the asset. The classification and measurement of the Corporation's financial assets are as follows:

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests. These assets are subsequently measured at amortised cost using the effective interest method. Interests income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Financial assets at amortized cost include the Corporation's cash and accounts receivable (excluding sales taxes receivable and advances to suppliers).

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and loses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Corporation has no financial assets in this category.

Financial assets at fair value through profit or loss

Assets are classified in this category if they do not meet the criteria for amortized cost or fair value through other comprehensive income. These assets are subsequently measured at fair value. Net gains and losses including interests or dividend income, are recognised in profit of loss. The Corporation has no financial assets in this category.

Financial liabilities

The Corporation's financial liabilities include trade and other payables (except wages and benefits payable) and are subsequently measured at amortized cost using the effective interest method.

Fair value measurement

Assets and liabilities measured at amortized cost for which the fair value is disclosed are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1- valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2- valuation techniques based on 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- valuation techniques using inputs for the asset or liability that are not based on observable market data.

4. Significant accounting policies (continued)

Impairment of financial assets

The Corporation uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Corporation accounts for expected credit losses over the life of financial assets measured at amortized cost under the simplified approach. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at year-end, including the time value of the money, if any.

Share-based payments

The Corporation has two equity settled share-based payment plans for directors, officers and employees:
- Deferred share unit ("DSU") program (the "DSU Plan"); and
- Stock option plan (the "Plan")

DSUs are issued at the discretion of the Board and are valued by assessing the market value of a common share on the Toronto Stock Exchange. The fair value of the DSUs awarded is charged to the consolidated statement of comprehensive's income in the period of grant.

Where directors, officers and employees are rewarded using share-based payments, the fair value of their services are determined by reference to the fair value of the equity instruments granted. The fair value of each option is evaluated using the Black-Scholes pricing model or a Monte Carlo simulation at the date of the grant.

Any share-based remuneration related to employees affected to an exploration project is capitalized as exploration and evaluation assets over its vesting period. All share-based remuneration is ultimately recognized as an expense over the vesting period with a corresponding increase to contributed surplus within shareholders' equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense in prior periods if share options ultimately exercised are different from that estimated on vesting. Upon exercise of the options, consideration received by the Corporation, as well as the grant date fair value of the options, are transferred to share capital.

Assets retirement obligations and contingent liabilities

Provisions are recognized when a present legal or constructive obligation, as a result of a past event, will probably lead to an outflow of economic resources from the Corporation and amounts can be estimated reliably. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The Corporation is subject to various laws and regulations regarding environmental restoration and closure provisions for which the Corporation estimates future costs. To take account of estimated cash flows required to settle the obligations arising from environmentally acceptable closure plans (such as dismantling and demolition of infrastructures, removal of residual matter and site restoration), provisions are recognized in the period in which the obligation is incurred, that is when it is likely that an outflow will be required in settlement of the obligation and the obligation is reasonably determinable. Asset retirement obligations are determined on the basis of the best estimates of future costs, based on information available on the reporting date. Future costs are discounted at pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the obligation. A corresponding asset is recognized in property, plant and equipment when establishing the provision.

4. Significant accounting policies (continued)

Assets retirement obligations and contingent liabilities (continued)

The provision is reviewed at each reporting date to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time. The cost of the related asset is adjusted to reflect changes in the reporting period. The costs of asset retirement are deducted from the provision when incurred. The accretion expense is recognized in comprehensive income as a financial expense as incurred.

Possible inflows of economic benefits to the Corporation that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recognized.

Income taxes

The income taxes expense for the year comprises current and deferred income taxes as well as withholding tax on dividend paid by a subsidiary. Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Corporation operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, that at the time of the transaction, affects neither the accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. This is assessed based on the Corporation’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or tax expense in the consolidated statement of comprehensive income, except where they relate to items that are recognized in equity.

A translation gain or loss may arise for deferred income tax purposes where the local tax currency is not the same as the functional currency for certain non-monetary items. A deferred tax asset or liability is recognized on the difference between the carrying amount for accounting purposes (which reflects the historical cost in the entity’s functional currency) and the underlying tax basis (which reflects the current local tax cost, translated into the functional currency using the current foreign exchange rate). The translation gain or loss is recorded as deferred income tax in the consolidated statements of comprehensive income.

4. Significant accounting policies (continued)

Share capital

Share capital represents amount received on issue of shares less issuance cost, plus the reversal of the contributed surplus on options exercised and settlement of DSUs and less the portion of share capital attributable to the repurchase of common shares.

Contributed surplus

This account is comprised of net accumulated share-based compensation expense and DSU compensation expense. This is reversed to share capital when stock options are exercised and DSUs are redeemed.

Retained earnings

Retained earnings include all current and prior period net income/losses and excess from share repurchase consideration paid over the common share carrying book value less the amount of the repurchase of the common shares in excess of the portion attributable to share capital and less dividends declared by the Corporation.

Segmental reporting

The Corporation presents and discloses segmental information based on information that is regularly reviewed by the chief executive officer. The Corporation has determined that there is only one operating segment being the mining sector, comprised of exploration, evaluation and processing of mineral resources. All revenues are earned in Peru from processing of mineral resources and all non-current assets of the Corporation are held in Peru.

Earnings per share

The Corporation presents basic and diluted earnings per share data for its common shares.

Basic earnings per share is calculated by dividing the net income for the year attributable to owners of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to stock options, DSUs and similar instruments is computed using the treasury stock method. The incremental number of common shares issued under stock options and DSUs and repurchased from proceeds is included in the calculation of diluted earnings per share. In the case of a loss, the diluted earnings per share are equal to the basic earnings per share due to the anti-dilutive effect of the stock options and DSUs.

5. Judgments, estimates and assumptions

The preparation of consolidated financial statements requires the Corporation’s management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of revenues and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different.

Judgments

Income taxes

The Corporation is subject to taxes from different tax country jurisdictions. Determining the tax treatment of a transaction requires the Corporation to apply judgment in its interpretation of the applicable tax law. The tax treatment may change based on the result of assessments or audits by the tax authorities often years after the initial filing.

The Corporation recognizes and records potential liabilities for uncertain tax positions based on its assessment of taxes if an unfavorable outcome becomes probable. This assessment is based on judgment and estimates. Therefore, the final tax outcome may be different from the initial assessment and may lead to future impacts on the income statements. Management reviews the adequacy of these provisions, if any, at the end of each reporting period and adjusts them based on changing facts and circumstances.

5. Judgments, estimates and assumptions (continued)

Judgments (continued)

As well, management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment and audits by tax authorities could subsequently result in additional liabilities.

Estimation uncertainty

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses are a subjective process involving judgement and a number of estimates and interpretations in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or CGU must be estimated.

In assessing impairment, management makes estimates and assumptions regarding future circumstances, whether an economically viable operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Corporation’s capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period information becomes available.

As of December 31, 2023, management assessed that were no impairment indicator with regards to its exploration and evaluation assets.

Impairment of property, plant and equipment and right-of-use assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of assumptions in many cases. In assessing impairment, management estimates the recoverable amount of each cash-generating asset based on discounted future cash flows. There was no impairment recorded in the previous reporting period following an impairment test.

As of December 31, 2023, management assessed that were no impairment indicator with regards to its property, plant and equipment and right-of-use assets.

Asset retirement obligations

The Corporation assesses its asset retirement obligations at each reporting date. Significant estimates and assumptions are made in determining the asset retirement obligations as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management’s best estimate of the present value of the future rehabilitation costs required.

Fair value of stock options

Determining the fair value of stock options requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of its own shares, the probable life of the stock options, the time of exercise of the stock options and expected forfeiture. The model used by the Corporation is the Black-Scholes valuation model or a Monte Carlo simulation when market conditions apply. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation’s future operating results.

Leases

Recognising leases requires judgement and use of estimates and assumptions. Judgement is used to determine whether there is reasonable certainty that a lease extension or cancellation option will be exercised. Furthermore, management estimates are used to determine the lease terms and the appropriate interest rate to establish the lease liability.

(Expressed in US dollars)

6. Cash

	2023 $	2022 $
Cash (equivalent in USD)		
United States dollars [(1)]	**21,818,942**	24,717,515
Peruvian Nuevo soles	**269,872**	196,023
Canadian dollars	**366,446**	681,864
CFA francs	**25,399**	-
	22,480,659	25,595,402

(1) As at December 31, 2023 and 2022 $568,668 has been given as collateral against stand-by letters of credit totaling the same amount.

7. Accounts receivable

	2023 $	2022 $
Sales tax receivable [(1)]	**8,991,354**	5,836,475
Trade and other receivables [(2)]	**4,007,845**	6,283,146
Advances to suppliers	**329,361**	178,410
	13,328,560	12,298,031

(1) Fully recovered subsequent to year end.

(2) $3.9 million recovered subsequent to year-end.

The Corporation's gold sales, at market price in effect at the time of delivery, were done with one sole customer of which its president is a director of the Corporation. Economic dependence is mitigated as the Corporation can sell its gold to numerous clients worldwide.

8. Inventories

	2023 $	2022 $
Ore	**20,714,423**	**9,363,483**
Gold in process	**7,921,559**	**6,474,160**
Finished goods-Gold dore bars [(1)]	**2,661,380**	**1,331,864**
Supplies	**627,460**	**609,371**
	31,924,822	**17,778,878**
Less: long term portion – other assets	**-**	**(1,331,864)**
	31,924,822	**16,447,014**

No inventories are carried at fair value less cost to sell at December 31, 2023 and 2022.

(1) Due to a last-minute flight cancellation, the last prepared 2023 export was postponed to January 2024 and consequently is included in finished goods-Gold dore bars as at December 31, 2023.
As at December 31, 2022, a remaining portion of a shipment was still retained by the Peruvian customs authorities with unpredictable date of release and therefore was still classified under other non-current assets. This retained gold was released in Q1-2023 and immediately exported and sold.

(Expressed in US dollars)

9. Property, plant and equipment

	Land $	Buildings $	Plant & equipment $	Rolling stock $	Total $
Cost					
Balance, January 1, 2023	998,011	5,081,099	26,396,280	3,881,156	36,356,546
Additions	386,986	2,958,847	2,463,088	729,051	6,537,972
Disposals	-	(10,580)	(289,978)	(518,286)	(818,844)
Balance, December 31, 2023	1,384,997	8,029,366	28,569,390	4,091,921	42,075,674
Accumulated Depreciation					
Balance, January 1, 2023	-	1,637,956	11,079,112	2,247,922	14,964,990
Depreciation	-	372,293	2,296,974	592,094	3,261,361
Disposals	-	(14,446)	(246,390)	(479,942)	(740,778)
Balance, December 31, 2023	-	1,995,803	13,129,696	2,360,074	17,485573
Net book value, December 31, 2023	**1,384,997**	**6,033,563**	**15,439,694**	**1,731,847**	**24,590,101**

Plant and equipment include $1.5 million to be placed into service in the next two years and to be depreciated over a 3 to 20 years period.

	Land $	Buildings $	Plant & equipment $	Rolling stock $	Total $
Cost					
Balance, January 1, 2022	998,011	4,881,976	23,658,285	3,392,688	32,930,960
Additions	-	199,123	2,817,195	780,446	3,796,764
Disposals	-	-	(79,200)	(291,978)	(371,178)
Balance, December 31, 2022	998,011	5,081,099	26,396,280	3,881,156	36,356,546
Accumulated Depreciation					
Balance, January 1, 2022	-	1,382,138	8,821,168	1,968,562	12,171,868
Depreciation	-	255,818	2,296,675	542,390	3,094,883
Disposals	-	-	(38,731)	(263,030)	(301,761)
Balance, December 31, 2022	-	1,637,956	11,079,112	2,247,922	14,964,990
Net book value, December 31, 2022	**998,011**	**3,443,143**	**15,317,168**	**1,633,234**	**21,391,556**

(Expressed in US dollars)

10. Exploration and evaluation assets

	Exploration properties			
	Tumipampa	**Anta**	**Others**	**Total**
	$	**$**	**$**	**$**
Mining rights				
Balance, January 1, 2023	1,305,496	184,992	27,165	1,517,653
Additions	-	-	13,055	13,055
Write-off	-	-	(438)	(438)
Balance, December 31, 2023	1,305,496	184,992	39,782	1,530,270
Deferred exploration and evaluation costs				
Balance, January 1, 2023	16,718,222	306,983	-	17,025,205
Additions	17,385	-	-	17,385
Write-off	(6,496)	-	-	(6,496)
Balance, December 31, 2023	16,729,111	306,983	-	17,036,094
TOTAL	**18,034,607**	**491,975**	**39,782**	**18,566,364**

	Exploration properties			
	Tumipampa	**Anta**	**Others**	**Total**
	$	**$**	**$**	**$**
Mining rights				
Balance, January 1, 2022	1,305,496	180,193	23,065	1,508,754
Additions	-	4,799	4,486	9,285
Write-off	-	-	(386)	(386)
Balance, December 31, 2022	1,305,496	184,992	27,165	1,517,653
Deferred exploration and evaluation costs				
Balance, January 1, 2022	16,700,096	306,983	-	17,007,079
Additions	18,126	-	-	18,126
Balance, December 31, 2022	16,718,222	306,983	-	17,025,205
TOTAL	**18,023,718**	**491,975**	**27,165**	**18,542,858**

(Expressed in US dollars)

10. Exploration and evaluation assets (continued)

Tumipampa property ("Tumipampa")

Tumipampa is located 500 km from Lima, Peru, in the Circa district, Province of Abancay, department of Apurimac. As at December 31, 2023, the Tumipampa project covers an area of 5,796 hectares.

Anta property ("Anta")

Anta is in the district of San Pedro, 72 km west of Nazca, within the Western Andean Cordillera in the Province of Lucanas, Department of Ayacucho. Anta includes eight concessions that cover an area of 5,600 hectares and is a copper/silver exploration prospect.

11. Trade and other payables

	2023 $	2022 $
Accounts payable and accrued liabilities (1)	**11,534,994**	8,513,579
Accrued profit sharing (2)	**2,414,125**	1,641,642
Wages and benefits payable	**1,408,327**	1,012,931
	15,357,446	11,168,152

(1) Including $329,822 of monthly dividends paid in January 2024 ($283,942 as at December 31, 2022 of dividends paid in January 2023).

(2) Under Peruvian labor laws, the Corporation is required to distribute 8% of its annual taxable income before tax to employees for each of its Peruvian subsidiary. Amounts accrued as at December 31 are paid in March of the following year.

(Expressed in US dollars)

12. Leases

The Corporation has leases for lands mostly the land of the Chala plant and office spaces. The leases have an initial term of 2 to 15 years and some have a renewal option after that date. The lease terms are negotiated individually and encompass a wide range of different terms and conditions.

Right-of-use assets

	Land $	Building $	Total $
Costs			
Balance, January 1, 2023	730,139	606,743	1,336,882
Disposals and cancellations	-	(478,883)	(478,883)
Balance, December 31, 2023	730,139	127,860	857,999
Accumulated Depreciation			
Balance, January 1, 2023	72,173	564,121	636,294
Depreciation	62,058	25,574	87,632
Disposals and cancellations	-	(478,883)	(478,883)
Balance, December 31, 2023	134,231	110,812	245,043
Net book value, December 31, 2023	**595,908**	**17,048**	**612,956**

These right-of-use assets are located in Peru except for $17,048 in Canada ($42,622 as at December 31, 2022).

	Land $	Building $	Total $
Costs			
Balance, January 1, 2022	260,643	606,743	867,386
Additions	469,496	-	469,496
Balance, December 31, 2022	730,139	606,743	1,336,882
Accumulated Depreciation			
Balance, January 1, 2022	45,329	481,249	526,578
Depreciation	26,844	82,872	109,716
Balance, December 31, 2022	72,173	564,121	636,294
Net book value, December 31, 2022	**657,966**	**42,622**	**700,588**

(Expressed in US dollars)

12. Leases (continued)

Lease liabilities

	2023 $	2022 $
Balance, beginning of the year	**701,232**	343,969
New leases and changes in leases	**-**	469,496
Repayment of lease liabilities and interests' payments	**(65,541)**	(112,233)
Balance, end of the year	**635,691**	701,232

The future minimum lease payments due for the next years are as follows:

	2023 $	2022 $
Within one year	**95,777**	109,028
1 to 2 years	**83,570**	100,008
2 to 5 years	**258,626**	252,950
After 5 years	**416,407**	499,045
	854,380	961,031
Less: implicit interest from 5.0% to 7.0% (2022 – 5.0% to 7.0%)	**(218,689)**	(259,799)
	635,691	701,232
Less: current portion	**56,879**	66,082
	578,812	635,150

Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of a lease liability is $207,000 for the year ended December 31, 2023 ($195,000 for the year ended December 31, 2022) and relates to short term leases.

The Corporation has short-term lease agreements (less than 12 months). As at December 31, 2023, future minimum lease payments required to meet obligations total $100,000 ($140,000 as at December 31, 2022).

(Expressed in US dollars)

13. Asset retirement obligations

The table below presents the reconciliation of the provision for asset retirement obligations for the years ended:

	2023 **$**	**2022** **$**
Balance, beginning of the year	**3,642,247**	3,552,620
Change in assumptions	**-**	163,919
Disbursement	**-**	(154,091)
Accretion of discounted cash flows	**81,586**	79,799
Balance, end of the year	**3,723,833**	3,642,247

The provision for closure of production facilities and exploration projects represents the present value of the closure costs that are expected to be incurred between the years 2023 and 2038 for the Veta Dorada Plant. These estimates are based on studies prepared by independent advisers that meet the environmental regulations in effect. The provision for closure of the production facilities corresponds mostly to activities that must be carried out for restoring the areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the production facilities. Closure budgets are reviewed regularly to consider any significant change in the studies conducted. Nevertheless, the closure costs will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be made depends on the useful life of the facilities.

As of December 31, 2023 and December 31, 2022, the future value of the provision for closure of facilities and exploration projects is $4.8 million which has been discounted using annual risk-free rates up to 2.47% (2.24% as at December 31, 2022) in periods of up to 15 years.

The Corporation believes that this provision is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines. As of December 31, 2023, the Corporation has constituted letters of credit in favor of the MEM for $3,618,993 ($2,319,064 as at December 31, 2022) to secure closure plans of its production facilities and exploration projects.

(Expressed in US dollars)

14. Share capital

a) Shares authorized

Unlimited number of common shares, without par value.

Unlimited number of preferred shares, without par value, non-cumulative annual dividend of 8%, redeemable at their issue price, non-participating, non-voting.

Issued and fully paid

Movements in the Corporation's share capital during the year are as follows:

	2023		2022	
	Number of common shares	**Amount $**	**Number of common shares**	**Amount $**
Balance, beginning of year	**38,457,128**	**22,413,093**	38,757,083	21,511,430
Exercise of share purchase options i)	**57,500**	**113,168**	519,461	1,370,259
Repurchase of common shares ii)	**(1,127,397)**	**(658,279)**	(819,416)	(468,596)
Balance, end of year	**37,387,231**	**21,867,982**	38,457,128	22,413,093

i) During the year ended December 31, 2023, a total of 57,500 stock options were exercised (519,461 for the year ended December 31, 2022) under the Plan for a cash consideration of $75,701 (CA$102,800) ($878,345 (CA$1,123,524) for the year ended December 31, 2022). Upon exercise, an amount of $37,467 ($491,914 for the year ended December 31, 2022) which had been attributed to those stock options was reclassified from contributed surplus to share capital.

ii) In 2023, the TSX has approved the new NCIB, over a period of twelve months commencing on May 5, 2023 and ending May 4, 2024, under which Dynacor may purchase, for cancellation, with a daily maximum of 5,719 shares, up to 3,490,716 common shares or approximately 10% of its public float as of April 26,2023.

In 2022, the TSX had approved the new NCIB, over a period of twelve months commencing on May 5, 2022 and ending May 4, 2023, under which Dynacor may purchase, for cancellation, with a daily maximum of 6,085 shares, up to 3,082,382 common shares or approximately 10% of its public float as of April 20, 2022.

In 2021, the TSX had approved the new NCIB, over a period of twelve months commencing on May 3, 2021 and ending May 2, 2022, under which Dynacor may purchase, for cancellation, with a daily maximum of 10,919 shares, up to 3,111,165 common shares or approximately 10% of its public float as of April 20, 2021.

The extent to which Dynacor repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, as determined by the Corporation's management team. The purchases will be funded from existing cash balances.

In 2023, the Corporation has repurchased 1,127,397 common shares for a total cash consideration of $2,890,885 (CA$ 3,929,242), an average repurchase cost of $2.56 (CA$3.49) per share. Total cash consideration paid exceeded by $2,232,606 the respective book value of the shares repurchased. This excess was recorded as a reduction of retained earnings in the Consolidated Statement of Changes in Equity.

In 2022, the Corporation has repurchased 819,416 common shares for a total cash consideration of $1,864,003 (CA$ 2,434,191), an average repurchase cost of $2.27 (CA$2.97) per share. Total cash consideration paid exceeded by $1,395,407 the respective book value of the shares repurchased. This excess was recorded as a reduction of retained earnings in the Consolidated Statement of Changes in Equity.

Subsequent to December 31, 2023, the Corporation has repurchased 926,800 common shares for a total cash consideration of $2,751,499 (CA$ 3,705,613), an average repurchase cost of $2.97 (CA$4.00) per share.

(Expressed in US dollars)

14. Share capital (continued)

b) *Share purchase options*

On August 14, 2007, the Board adopted a stock option plan (the "Plan") whereby they may grant to directors, officers, employees, or consultants, options to acquire common shares up to 10% of the issued and outstanding common shares. The Board has the authority to determine the terms, limits, restrictions and conditions of the grant of options, to interpret the Plan and make all decisions relating thereto. The option exercise price is established by the Board and may not be lower than the market price of the common shares at the time of grant. The total amount of shares issuable under the Plan is 2,750,000 common shares. The options may be exercised during a period determined by the Board, which may vary, but will not exceed ten years from the date of the grant. At the June 20, 2023 annual meeting of shareholders, the shareholders approved a Board resolution authorizing an amendment to the Plan introducing a cashless exercise mechanism and a net exercise mechanism for options and to remove a reference to the addition of a cashless exercise feature from the section relating to the procedure of amendment of the Stock Option Plan.

There are 2,750,000 of the Corporation's common shares which may be issued pursuant to the exercise of share options granted under the Plan. Of this number, 1,424,055 shares were issued as at December 31, 2023 (1,366,555 shares as at December 31, 2022) leaving a balance of 1,325,945 shares available to be issued under the Plan (1,383,445 as at December 31, 2022).

Movements in the Corporation's share purchase options during the years ended December 31, 2023 and 2022, are as follows:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		CA$		CA$
Balance, beginning of year	**758,250**	**1.80**	1,305,406	1.96
Granted	**490,000**	**3.12**	-	-
Exercised	**(57,500)**	**1.79**	(519,461)	2.16
Cancelled	**(5,000)**	**1.80**	(27,695)	2.18
Balance, end of year	**1,185,750**	**2.35**	758,250	1.80
Exercisable options	**675,000**	**2.01**	525,250	1.81

The weighted average share price for the share options exercised, at the date of the exercise is CA$3.27 (CA$3.12 for the year ended December 31, 2022).

Outstanding options are as follows:

2023			2022		
Outstanding options (number)	Average residual life span (in years)	Weighted average exercise price (CA$)	Outstanding options (number)	Average residual life span (in years)	Weighted average exercise price (CA$)
199,375	2.4	1.75	229,375	3.4	1.75
441,375	4.1	1.80	453,875	5.1	1.80
30,000	1.3	1.84	50,000	2.3	1.84
25,000	3.6	2.32	25,000	4.6	2.32
190,000	6.4	3.08			
300,000	4.7	3.14			
1,185,750		**2.35**	**758,250**		**1.80**

(Expressed in US dollars)

14. Share capital (continued)

b) Share purchase options (continued)

During the year ended December 31, 2023, 325,000 share purchase options were granted (none during the year ended December 31, 2022) at an exercise price between CA$3.08 and CA$3.14 per option. The aggregate fair value of those options was $195,330 ($0.60 per share purchase option). The fair values of these options were determined using the Black-Scholes option pricing model based on the assertions described below.

Additionally, during the year ended December 31, 2023, 165,000 share purchase options were granted at an exercise price of CA$3.08 per option (none during the year ended December 31, 2022). The aggregate fair value of those options was $107,535 ($0.65 per share purchase option). Share purchase options under this program will vest if certain market conditions are met. These market conditions are based on the performance of the Corporation share price in different steps within a specified period. The fair values of these options were determined using a Monte Carlo simulation and based on the assertions described below.

The table below shows the assumptions, or weighted average parameters and performance conditions, applied to determine share-based compensation costs over the life of the awards for share purchase options granted during the year ended December 31, 2023.

	2023
Risk-free interest rate	2.81% to 3.89%
Expected volatility	37.1% to 39.9%
Expected life	60 to 84 months
Exercise price	CA$3.08 to 3.14
Share price	CA$3.08 to 3.14
Dividend yield	3.8% to 3.9%
Forfeiture rate [(1)]	0.0% to 4.0%

(1) Applies only to the valuation using the Black-Scholes model.

The volatility has been estimated based on the historical share prices of Dynacor over the expected average life of the options.

For the year ended December 31, 2023, the share-based compensation costs amounted to $148,488 and was charged to the consolidated statement of comprehensive income ($71,328 for the year ended December 31, 2022). The offsetting credit has been recorded as contributed surplus.

c) Deferred share units

Effective May 11, 2015, the Corporation put in place the DSU Plan, whereby the Board may grant to its directors, senior officers and shareholders DSUs. DSUs are units that are credited to an eligible participant's account, the value of which, on a particular date, shall be equal to the fair market value of the Corporation's common share for such date. The Board has the authority to determine the number of DSUs to be awarded and the terms and conditions of each award. At December 31, 2023, 1,000,000 shares are reserved for issuance under the DSU Plan and 172, 510 have already been settled. DSUs can only be settled following departure from the Corporation in accordance with the terms of the DSU Plan.

A summary of the activity related to the Corporation's DSUs during the years ended December 31, 2023 and 2022, is provided below.

	2023		2022	
	Number of DSUs	Cost $	Number of DSUs	Cost $
Balance, beginning of year	**501,646**	**806,844**	420,855	631,419
Granted	**135,198**	**352,664**	80,791	175,425
Balance, end of year	**636,844**	**1,159,508**	501,646	806,844

(Expressed in US dollars)

14. Share capital (continued)

c) Deferred share units (continued)

The Corporation has recorded compensation costs of $352,664 related to DSU's in the consolidated statement of comprehensive income for the year ended December 31, 2023 ($175,425 for the year ended December 31, 2022).

d) Dividends

The following dividends were declared by the Corporation:
- Twelve monthly dividend cumulating CA$0.12 per qualifying common share during the year ended December 31, 2023 resulting in a total dividend amounting to $3,447,801 (CA$4,647,296).
- Twelve monthly dividend cumulating CA$0.10 per qualifying common share during the year ended December 31, 2022 resulting in a total dividend amounting to $3,003,028 (CA$3,916,799).

e) Capital management

The Corporation's capital structure consists of common shares, stock options and DSUs as at December 31, 2023 and 2022. The Corporation manages its capital structure and makes changes pursuant to economic conditions and conditions related to its assets. The Corporation has the ability to raise capital when it is necessary to meet its requirements and therefore, it does not have a specific target debt to capital ratio.

The Corporation's objectives in managing capital are the following:
i. to preserve the capacity to continue its operations in order to maximize the return to its shareholders and maintain an optimal capital structure in order to increase the shareholders' equity in the long term.
ii. to ensure the Corporation has sufficient capital to meet its short-term needs and ensure the development of its projects and mining activities.
iii. to satisfy the external requirements with regards to capital needed in respect of any lending agreements.
iv. to maintain an optimal capital structure in order to minimize the cost of debt financing.

The Corporation is not subject to any externally imposed capital requirements. However, for the Corporation's Peruvian subsidiaries, the General Corporate Law (Peru) establishes that a minimum of 10% of the distributable profit of each year must be allocated to a legal reserve account, until this account reaches 20% of its capital ($3,032,490 at December 31, 2023 and December 31, 2022). Dynacor may transfer the funds from this legal reserve account, but the Corporation will be obliged to replace these funds in the subsequent year.

15. Income tax

Income tax expense

The major components of income tax expense for the years ended December 31, 2023 and 2022 are:

	Years ended December 31, 2023 $	**2022 $**
Current income tax:		
Current income tax charge	**8,311,286**	6,548,128
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(432,628)**	(445,371)
Total tax expense	**7,878,658**	6,102,757

(Expressed in US dollars)

15. Income tax (continued)

The reconciliation between tax expense and the income before income taxes multiplied by the Corporation's weighted average domestic and Peruvian statutory tax rate for the years ended December 31, 2023 and 2022 is as follow:

	Years ended December 31, 2023 $	2022 $
Weighted average domestic and Peruvian statutory tax rate	**29.81%**	29.78%
Income before income taxes	**22,947,002**	18,116,807
Income taxes at the composite statutory rates	**6,841,394**	5,395,785
Differences attributable to:		
Non-deductible expenses	**235,551**	142,935
Effect of currency translation on tax basis (1)	**(330,130)**	(462,643)
Other effects of currency translation and other differences	**105,575**	(15,488)
Withholding tax on dividend	**450,000**	654,491
Unused tax losses for which no deferred taxes were recognized	**576,268**	387,677
Total tax expense	**7,878,658**	6,102,757

(1) During the year ended December 31, 2023, the Corporation recognized a deferred tax recovery in the amount of $330,130 (deferred tax expense in the amount of $462,643 during the year ended December 31,2022) related to the difference between the carrying amount for accounting purposes and (which reflects the historical cost in the entity's functional currency) and the underlying tax basis (which reflects the current local tax cost, translated into the functional currency using the current foreign exchange rate).

Deferred income tax assets (liabilities)

The following table provides a breakdown of the Corporation's deferred income tax assets (liability):

	Years ended December 31, 2023 $	2022 $
Property, plant and equipment (2)	**466,567**	186,437
Exploration and evaluation assets (2)	**(1,412,070)**	(1,528,599)
Other temporary differences	**268,224**	232,255
	(677,279)	(1,109,907)

(2) Including effect of currency translation on tax bases.

The following table provides a breakdown of the deductible temporary differences for which no tax assets have been recognized in the consolidated statement of financial position:

	Years ended December 31, 2023 $	2022 $
Property, plant and equipment	**12,848**	17,802
Non-capital losses	**20,241,286**	18,430,790
Capital losses	**10,436,112**	10,436,112
	30,690,246	28,884,704

(Expressed in US dollars)

15. Income tax (continued)

As at December 31, 2023, the Corporation has unrecognized federal tax losses of $20,241,286, provincial tax losses of $19,091,826 and no Peruvian tax losses (2022: federal $18,430,790, provincial $17,281,883) that can be used in deduction of future taxable income. These amounts expire as follows:

	Federal $	Provincial $
2027	244,481	244,481
2028	1,044,703	1,044,703
2029	102,168	102,168
2030	1,627,755	1,623,865
2031	2,071,557	2,071,557
2032	1,344,918	1,344,918
2033	1,616,981	981,964
2034	1,101,995	1,101,995
2035	1,206,465	1,206,465
2036	981,002	951,759
2037	1,770,585	1,278,791
2038	1,065,850	1,066,633
2039	968,227	971,468
2040	840,655	844,647
2041	981,567	983,091
2042	1,465,273	1,466,416
2043	1,807,104	1,806,905
	20,241,286	**19,091,826**

Accumulated capital losses of $10,436,112 ($10,436,112 in 2022) in Canada can be applied in reduction of future capital gains and may be carried forward indefinitely.

16. Earnings per share

Both the basic and diluted earnings per share have been calculated using the net income as the numerator, i.e. no adjustment to net income was necessary in 2023 and 2022.

	Years ended December 31, 2023 $	2022 $
Net income for the year	**$15,068,344**	$12,014,050
Weighted average number of common shares outstanding	**38,282,090**	38,684,227
Dilutive share options and DSUs	**605,276**	939,578
Weighted average number of outstanding shares for diluted earnings per share	**38,887,366**	39,623,805
Basic earnings per share	**$0.39**	$0.31
Diluted earnings per shares (1)	**$0.39**	$0.30

(1) No stock options are excluded from the 2023 and 2022 diluted earnings per share since their exercise price are lower than the average 2023 and 2022 market price for Dynacor shares.

(Expressed in US dollars)

17. Information included in the consolidated statements of comprehensive income

The following table provides a breakdown of employee remuneration:

	Years ended December 31, 2023 $	2022 $
Salaries and short-term employee benefits		
Cost of sales	**6,250,893**	4,950,749
General and administration expenses	**3,329,331**	2,851,939
Other project expenses	**173,730**	-
Salaries and short-term employee benefits	**9,753,954**	7,802,688
Share-based compensation and DSU expense		
General and administration expenses	**501,153**	246,753
Total employee remuneration	**10,255,107**	8,049,441

Cost of sales	Years ended December 31, 2023 $	2022 $
Ore	**192,946,658**	149,557,815
Salaries, benefits and other employee expenses	**6,807,754**	5,450,922
Production supplies	**6,529,086**	5,677,553
Transportation	**8,378,357**	6,309,809
Other production costs	**2,999,416**	2,878,360
Provision for impairment of accounts receivable	**121,731**	(39,862)
Depreciation of property, plant and equipment and of right-of-use assets	**3,070,373**	2,911,052
Peruvian profit-sharing expense	**1,912,538**	1,290,823
Variation of finished goods – Gold dore bars	**(1,329,516)**	-
Variation of gold in process inventory	**(1,447,399)**	(916,437)
	219,988,998	173,120,035

(Expressed in US dollars)

17. Information included in the consolidated statements of comprehensive income (continued)

General and administrative expenses	Years ended December 31, 2023 $	2022 $
Salaries and benefits and other employee expenses	**3,364,545**	2,884,024
Office and other expenses	**1,167,942**	905,878
Professional fees	**743,451**	640,105
Promotion, investor relation and corporate expenses	**295,213**	437,820
Travel expenses	**274,942**	224,103
Depreciation of property, plant and equipment and of right-of-use assets	**278,620**	293,547
Peruvian profit-sharing expense	**469,869**	337,769
	6,594,582	5,723,246
Share-based compensation:		
Options	**148,489**	71,328
DSUs	**352,664**	175,425
	7,095,735	5,969,999

	Years ended December 31, 2023 $	2022 $
Financial income		
Interests and other financial income	**1,155,291**	371,941
Financial expenses		
Interest on lease liabilities	**42,961**	23,155
Other interest and financial expenses	**273,621**	183,610
Accretion expense on asset retirement obligation	**81,586**	79,799
	398,168	286,564

Depreciation	Years ended December 31, 2023 $	2022 $
Depreciation of property, plant and equipment	**3,008,315**	2,884,208
Depreciation of right-of-use assets	**62,058**	26,844
Depreciation included in costs of sales	**3,070,373**	2,911,052
Depreciation of property, plant and equipment	**253,046**	210,675
Depreciation of right-of-use assets	**25,574**	82,872
Depreciation included in general and administration expenses	**278,620**	293,547
	3,348,993	3,204,599

18. Information included in the consolidated statements of cash flows

	Years ended December 31, 2023 $	2022 $
Changes in working capital items		
Accounts receivable	**(978,571)**	(3,724,604)
Current tax assets and liabilities	**2,153,372**	(2,586,221)
Inventories	**(14,145,944)**	(1,683,388)
Prepaid expenses	**(52,428)**	(84,498)
Trade and other payables	**4,060,632**	(584,950)
	(8,962,939)	(8,663,661)

19. Financial Instruments

Fair value

The fair value of financial assets and financial liabilities were measured using Level 2 inputs in the fair value hierarchy.

The carrying amounts of financial instruments are presented in the consolidated statements of financial position at amortized cost according to the Corporation's accounting policies. Cash, accounts receivable (excluding sales tax receivable and advances to suppliers) and trade and other payables (excluding wages and benefits payable) are accounted for at amounts approximating fair values due to the immediate or short-term maturities of these financial instruments.

Exposure and management of risk

The Corporation is exposed to a certain number of risks at different levels.

A. Market risk

i) Foreign currency risk

The functional currency of the Corporation is the United States dollar. The Corporation is subject to foreign exchange risk as a significant portion of its operating costs and revenues are denominated in Canadian dollars and in Peruvian Nuevo soles. The Corporation is, therefore, subject to gains and losses due to fluctuations in the Canadian dollars and the Peruvian Nuevo soles relative to the United States dollar. The Corporation does not use derivatives to manage the exposure to foreign exchange risk.

The Corporation has balances in cash, receivables as well as payables in foreign currencies and is therefore exposed to the foreign exchange risk regarding these amounts. The balances in foreign currencies as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	Canadian dollars	Nuevo soles	Canadian dollars	Nuevo soles
Cash	**484,634**	**974,665**	923,410	714,189
Accounts receivable	**43,084**	**33,282,362**	24,722	22,215,653
Current tax assets (liabilities)	**-**	**(6,671,909)**	-	1,413,133
Trade and other payables	**(1,146,542)**	**(19,130,679)**	(819,957)	(15,450,437)
Net balance	**(618,824)**	**8,454,439**	128,175	8,892,538
Equivalent in US$	**(467,611)**	**2,279,527**	94,661	2,331,552

(Expressed in US dollars)

19. Financial Instruments (continued)

Assuming all other variables constant, an increase or a decrease of 5% of the United States dollar against the Peruvian Nuevo soles, the net income and the equity of the Corporation at December 31, 2023, would have varied by approximately $114,000 ($116,000 for the year ended December 31, 2022).

Assuming all other variables constant, an increase or a decrease of 5% of the United States dollar against the Canadian dollar, the net income and the equity of the Corporation at December 31, 2023, would have varied by approximately $23,000 ($5,000 for the year ended December 31, 2022).

ii) Price risk

The Corporation's profitability is exposed to price risks notably those linked to the price of gold. The Corporation does not have financial instruments exposed to gold price fluctuations.

B. Credit risk

The Corporation is exposed to this risk from various financial instruments. The maximum exposure to credit is limited to the carrying amount of financial assets recognized at December 31. The Corporation currently sells all its gold to one sole customer and therefore is exposed only to the credit risk associated with this client. The Corporation collects ninety-five percent of each sales invoice amount within twenty-four hours of the export and the remaining balance within three to ten days. In consequence the expected credit risk is immaterial.

Advances to suppliers are made with a large number of suppliers. The Corporation conducts a review of all advances to suppliers and records a provision for expected credit loss when deemed uncollectable.

The credit risk for cash is considered negligible, since the counterparties are reputable banks. All of the Corporation accounts receivable have been reviewed for indicators of impairment.

C. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become due. The contractual commitments for liabilities, including related interest, as at December 31, 2023, are as follows:

	Total $	Within 6 months $	Between 6 and 12 months $	Between 2024 and 2025 $	Beyond 2025 $
Trade and other payables (Note 11)	11,534,994	11,534,994	-	-	-
Short term leases (Note 12)	100,000	70,000	30,000	-	-
Other commitments with suppliers (Note 21)	540,000	270,000	150,000	20,000	100,000
	12,174,994	**11,874,994**	**180,000**	**20,000**	**100,000**

As at December 31, 2023, the Corporation had $22,480,659 in cash.

D. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fluctuations of market interest rates have little impact on the Corporation's financial results since the Corporation does not have variable rate debt outstanding as of December 31, 2023.

(Expressed in US dollars)

20. Related party transactions and disclosures

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors, corporate officers, including the Corporation's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Vice President Operations, Latin America.

Remuneration recorded to key management personnel can be summarized as follows:

	Years ended December 31,	
	2023	**2022**
	$	**$**
Salaries, benefits and directors' fees	**1,468,654**	1,258,445
Share-based compensation (1)	**495,095**	230,177
	1,963,749	1,488,622

(1) Represents the share-based compensation cost and the deferred share units expense charged to the consolidated statement of comprehensive income during the year.

Other related parties

In the normal course of operations and at fair value, being the amount of consideration determined and agreed to by the related parties, for the years ended December 31, 2023 and 2022:

A firm of which an officer of the Corporation is a partner, charged legal professional fees amounting to $105,297 for the year ended December 31, 2023 ($85,717 for the year ended December 31, 2022).

A Director charged consulting fees relating to the revision of ESG procedures and amounting to $41,050 for the year ended December 31, 2023 ($26,302 for the year ended December 31, 2022).

21. Contingencies and other commitments

Sunat 2015 / 2016 / 2017 audits

On October 26, 2021, October 28, 2022 and December 29, 2022 respectively, a Corporation subsidiary received notices of assessment from the Peruvian tax authorities, in Peruvian Sol, for each of the fiscal years 2015, 2016 and 2017 in the aggregate amount equivalent to $16.0 million including $12.0 million in penalties and interests. Additional penalties and interests since the notices of assessment are estimated at $1.4 million. The main item of the assessment relates to the ore purchased from certain suppliers, qualified as non-genuine transactions by the local tax authorities and therefore considered by the authorities as non-deductible expenses.

The Corporation and its legal tax counsel strongly believe that ore purchases are genuine and fully supported deductible transactions. Therefore, the Corporation contested these claims.

The Corporation recorded a tax provision related to uncertain tax position for items other than ore purchases, in the amount of $0.7 million (including $0.6 million in penalties and interest). Although the Corporation considers that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect the consolidated financial statements.

Other commitments

The Corporation has contractual commitments with suppliers. As at December 31, 2023, the obligations are $540,000 over the next 3 years ($565,000 as at December 31, 2022).