O2Gold Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

O2Gold Inc.

Condensed Interim Consolidated Statements of Financial Position

(In Canadian dollars- unaudited)

As at:	**Notes**	**June 30, 2023**	**December 31, 2022**
ASSETS			
Current assets:			
Cash		$ 226,803	$ 334,566
Amounts receivable		19,703	22,267
Prepaid expenses and advances		9,648	26,821
TOTAL ASSETS		**$ 256,154**	**$ 383,654**
LIABILITIES AND EQUITY/(DEFICIENCY):			
Current liabilities:			
Accounts payable and accrued liabilities	5	$ 275,693	$ 214,201
Total liabilities		275,693	214,201
Shareholders' equity/(deficiency):			
Share capital	6	21,145,090	21,145,090
Contributed surplus	6	5,607,768	5,607,768
Deficit		(26,772,397)	(26,583,405)
Total shareholders' equity/(deficiency)		(19,539)	169,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIENCY)		**$ 256,154**	**$ 383,654**
Nature of operations and going concern	1		
Commitments and contingencies	11		

Approved by the Board of Directors

(s) Neil Said
Neil Said, Director

(s) Kamaljit Gill
Kamaljit Gill, Director

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

O2Gold Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(In Canadian dollars- unaudited)

	Notes	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Expenses:					
Professional and consulting fees		$ 58,725	$ 111,582	$ 128,248	$ 224,664
Shareholder communications and transfer agent fees		5,862	6,167	10,963	30,853
General and administrative expenses		20,105	105,754	47,271	319,515
Travel expenses		-	8,148	-	16,500
Foreign exchange (gain)/loss		1,687	(23,953)	2,510	15,883
Net loss from continuing operations		86,379	207,698	188,992	607,415
Discontinued operations:					
Accretion expense	10	-	102,197	-	199,828
Loss on disposal of property, plant and equipment		-	3,114	-	3,114
Exploration and evaluation expenses	4	-	533,427	-	840,318
Net loss from discontinued operations		-	638,738	-	1,043,260
Net and comprehensive loss		**$ 86,379**	**$ 846,436**	**$ 188,992**	**$ 1,650,675**
Loss per share					
From continuing operations:					
Basic and diluted		$ (0.00)	$ (0.02)	$ (0.01)	$ (0.05)
From discontinued operations:					
Basic and diluted		$ -	$ (0.05)	$ -	$ (0.08)
Weighted average number of common shares outstanding:					
Basic and diluted		23,439,577	13,439,587	23,439,577	13,439,587

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

O2Gold Inc.

Condensed Interim Consolidated Statements of Changes in Equity/(Deficiency)

(In Canadian dollars- unaudited)

	Share capital		Contributed surplus	Deficit	Total shareholders' equity/ (deficiency)
	No.	$	$	$	$
Balance, December 31, 2021	13,439,577	20,839,367	5,413,491	(27,938,820)	(1,685,962)
Net loss	-	-	-	(1,650,675)	(1,650,675)
Balance, June 30, 2022	**13,439,577**	**20,839,367**	**5,413,491**	**(29,589,495)**	**(3,336,637)**
Balance, December 31, 2022	23,439,577	21,145,090	5,607,768	(26,583,405)	169,453
Net loss	-	-	-	(188,992)	(188,992)
Balance, June 30, 2023	**23,439,577**	**21,145,090**	**5,607,768**	**(26,772,397)**	**(19,539)**

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

O2Gold Inc.

Condensed Interim Consolidated Statements of Cash Flows

(In Canadian dollars- unaudited)

	Notes	For the six months ended June 30, 2023		2022
Cash flows used in operating activities				
Net and comprehensive (loss)		$ (188,992)		$ (1,650,675)
Items not involving cash:				
Depreciation		-		6,114
Loss on disposal of property, plant and equipment		-		3,114
Accretion expense	10	-		199,828
Working capital adjustments:				
Change in amounts receivable		2,564		8,764
Change in prepaid expenses and advances		17,173		276,566
Change in accounts payable and accrued liabilities		61,492		316,859
Net cash (used in) operating activities		**(107,763)**		**(839,430)**
Cash flows provided by investing activities				
Proceeds on sale of property, plant and equipment		-		21,885
Net cash provided by investing activities		**-**		**21,885**
Change in cash during the period		(107,763)		(817,545)
Cash, beginning of the period		334,566		856,417
Cash, end of the period		**$ 226,803**		**$ 38,872**
Cash flows related to discontinued operations:				
Operating activities		$ -		$ (401,549)
Investing activities		$ -		$ 21,885

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

1. NATURE OF OPERATIONS AND GOING CONCERN

O2Gold Inc. ("O2Gold" or collectively with its subsidiaries, the "Company") was incorporated under the *Canada Business Corporations Act* on April 20, 2012. O2Gold's common shares are listed on the NEX Exchange, a board of the TSX Venture Exchange ("TSXV") under the symbol OTGO.H. The address of its head office and principal place of business is 198 Davenport Road, Toronto (Ontario), Canada, M5R 1J2.

The Company is an exploration company that is not currently engaged in exploration activities. See Notes 4 and 10. The Company continues to seek opportunities that are beneficial to shareholders.

The Company has not generated significant revenues from operations. As at June 30, 2023, the Company has an accumulated deficit of $26,772,397 ($26,583,405 as at December 31, 2022) and a working capital deficit of $19,539 (working capital of $169,453 as at December 31, 2022), which is not sufficient to meet the Company's operating activities for the next twelve months. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing, to meet its existing commitments, to acquire and explore mineral properties or other opportunities, to pay for general and administrative expenses and to continue to have the support of its suppliers and creditors.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate.

While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts eventually realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as approved by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all of the disclosure required for annual financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2022.

Basis of preparation and evaluation

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company's 2022 audited financial statements.

These condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on August 29, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of O2Gold and those of its wholly owned subsidiaries: 11023926 Canada Inc. and Trinite SAS, a Columbian company incorporated in 2018. All intra-group transactions, balances, income and expenses are eliminated during consolidation. All subsidiaries have reporting dates of December 31.

A subsidiary is an entity controlled by the Company. O2Gold controls an entity when the group is exposed to or has the right to variable returns from involvement with the entity and has the ability to affect these returns through its power over the entity.

On April 23, 2021, the Company completed the acquisition of Buenaventura Gold Inc ("Buenaventura"), a Panamanian company. On August 4, 2022, the Company relinquished control of Buenaventura and deconsolidated its net assets from the financial statements of the Company. See Notes 4 and 10.

New and future accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after January 1, 2023. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements:

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. These estimates and underlying assumptions are reviewed by management on an ongoing basis.

In preparing the financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 audited financial statements of the Company.

(In Canadian dollars)

4. EXPLORATION AND EVALUATION PROPERTIES

During the three and six months ended June 30, 2023 and 2022, the Company incurred the following exploration and evaluation expenditures:

	Three months ended June 30,	
	2023	2022
	$	$
Logistics, travel and overhead		533,427
	-	**533,427**

	Six months ended June 30,	
	2023	2022
	$	$
Logistics, travel and overhead	-	840,318
	-	**840,318**

Otú Centro
In 2020, the Company entered into a definitive agreement with, *inter alia*, Bullet Holding Corp. (“Bullet”), a private company, pursuant to which the Company acquired in 2021 a 100% interest in a gold mining project in Colombia known as the Otú Centro Project.

On August 4, 2022, the Company completed a settlement agreement with, among others, Bullet and Magnolia Capital LLC, pursuant to which the Company returned all of the issued and outstanding shares of Buenaventura, the holder of the rights to the Otú Centro Project. Expenses related to the Otú Centro Project have been reclassified as discontinued operations on the condensed interim consolidated statements of loss.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
Trade payables	$ 237,359	$ 154,201
Accruals	38,334	60,000
	$ 275,693	**$ 214,201**

6. SHARE CAPITAL

a) Authorized

An unlimited number of voting common shares without par value.

	Number of Shares	Amount
	#	$
Balance, December 31, 2021	**13,439,577**	**20,839,367**
Shares issued from private placement - September 2022	10,000,000	500,000
Black-Scholes warrant valuation	-	(194,277)
Balance, December 31, 2022 and June 30, 2023	**23,439,577**	**21,145,090**

(In Canadian dollars)

6. SHARE CAPITAL (CONTINUED)

On September 13, 2022, the Company completed a 10:1 share consolidation. Prior to the consolidation, the Company had 134,395,870 common shares outstanding, and following the consolidation had 13,439,577 common shares outstanding. All current and comparative common share amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

b) Private placements

On September 27, 2022, the Company completed a private placement financing consisting of 10,000,000 units at a price of $0.05 per unit for aggregate gross proceeds to the Company of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant shall be exercisable into one additional common share of the Company at an exercise price of $0.075 until September 27, 2023. The fair value of the 10,000,000 warrants issued was estimated at $194,277 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.0306; expected dividend yield of 0%; expected volatility of 232% based on the Company's historical share price volatility; risk-free interest rate of 3.86% and an expected life of 1 year. Directors, officers, and 10% security holders of the Company subscribed for an aggregate of 9,700,000 units, generating proceeds of $485,000.

c) Share-based payments

The Company has a stock option plan whereby the Company may grant to directors, officers, employees and consultants of the Company options to purchase shares of the Company. Options granted under the plan will be for a term not to exceed five years.

The Company also has a Restricted Share Unit Incentive Plan ("RSU Plan") whereby the Company is authorized to grant Restricted Share Units ("RSUs") under the plan to directors, officers and employees. An RSU represents the right to receive one common share of the Company on the vesting date. As the RSU's are to be settled in common shares, the value of outstanding RSU's will be included in share-based payment reserve within equity.

The number of common shares reserved for issuance pursuant to the stock option plan and the RSU plan and all other security-based compensation arrangements shall, in aggregate, not exceed 10% of the Company's issued and outstanding capital.

A summary of changes of the Company's options is presented below:

	No. of options #	Weighted Average Exercise Price $	Value of options $
December 31,2022 and June 30, 2023	**465,000**	**2.44**	**830,725**

On September 13, 2022, the Company completed a 10:1 share consolidation. Prior to the consolidation, the Company had 4,650,000 stock options outstanding, and following the consolidation had 465,000 stock options outstanding. All current and comparative stock option amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

(In Canadian dollars)

6. SHARE CAPITAL (CONTINUED)

c) Share-based payments (continued)

Options outstanding and exercisable as at June 30, 2023 are as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
65,000	65,000	27-May-20	27-May-25	$ 0.55	$ 32,825	89%	5.00	0%	0.40%
80,000	80,000	26-Aug-20	26-Aug-25	$ 2.90	$ 164,560	94%	5.00	0%	0.41%
140,000	140,000	11-Nov-20	11-Nov-25	$ 2.40	$ 240,520	95%	5.00	0%	0.48%
40,000	40,000	8-Apr-21	8-Apr-26	$ 2.60	$ 76,600	99%	5.00	0%	0.92%
100,000	100,000	30-Apr-21	30-Apr-26	$ 3.30	$ 244,500	100%	5.00	0%	0.93%
40,000	40,000	16-Aug-21	16-Aug-26	$ 2.40	$ 71,720	101%	5.00	0%	0.81%
465,000	**465,000**				**$ 830,725**				

At June 30, 2023, the weighted-average remaining contractual life of the Company's exercisable options was 2.47 years (December 31, 2022 – 2.97 years).

d) Warrants

A summary of changes of the Company's warrants is presented below:

	No. of warrants #	Weighted Average Exercise Price $	Value of warrants $
December 31, 2021	**1,965,285**	**2.90**	**1,236,553**
Granted, September 2022	10,000,000	0.075	194,277
Expired	(66,000)	0.75	(9,514)
December 31, 2022	**11,899,285**	**0.08**	**1,421,316**
Expired	(1,899,285)	2.95	(1,227,039)
June 30, 2023	**10,000,000**	**0.075**	**194,277**

On September 13, 2022, the Company completed a 10:1 share consolidation. Prior to the consolidation, the Company had 19,652,853 warrants outstanding, and following the consolidation had 1,965,285 warrants outstanding. All current and comparative warrant amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

During the six months ended June 30, 2023, 1,899,285 of the Company's warrants expired.

Warrants outstanding at June 30, 2023 are as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
10,000,000	10,000,000	27-Sep-22	27-Sep-23	$ 0.075	$ 194,277	232%	1.00	0%	3.86%
10,000,000	10,000,000				**$ 194,277**				

At June 30, 2023, the weighted-average remaining contractual life of the Company's warrants was 0.24 years (December 31, 2022 – 0.67 years).

For all outstanding warrants granted, the underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the warrants.

(In Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management includes directors and officers. The compensation paid or payable to key management during the three and six months ended June 30, 2023 and 2022 is presented below:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Consulting fees	$ 16,096	$ 45,000	31,096	90,924

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Included in accounts payable and accrued liabilities as at June 30, 2023 is $nil (December 31, 2022 – $30,000) due to a former director and officer of the Company.

Subscriptions to the Company's private placements by directors and officers of the Company are disclosed in Note 6(b).

Included in accounts payable and accrued liabilities as at June 30, 2023 is $125,175 (December 31, 2022: $74,325) due to 2227929 Ontario Inc. for office administration services. The CEO of the Company is also a director of 2227929 Ontario Inc. During the six months ended June 30, 2023, the Company incurred $45,000 in office administration expenses to 2227929 Ontario Inc. (six months ended June 30, 2022: $45,000).

A former director of the Company was the controlling shareholder of Bullet at the time of the settlement agreement related to the Otu Centro property. See Notes 4 and 10.

8. FINANCIAL INSTRUMENTS

Objectives and politics concerning financial risk management

The Company considers managing risk as being an integral part of its development and diversification strategies. The Company uses a proactive and rigorous approach for the management of the financial risks to which it is exposed. The Company's management manages financial risks. The Company focuses on actively securing short to medium term cash flows by minimizing the exposures to financial markets.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Fair value

The Company presents fair value information of its financial assets and liabilities in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on significance of inputs used in measuring the fair value of the financial assets and liabilities.

The Company defines the fair value hierarchy under which its financial instruments are valued as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date;
- Level 2 includes inputs other than quoted prices in Level 1 that are observable for assets or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

8. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying value of accounts payable and accrued liabilities is considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

Financial risks

The Company's most significant financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company maintains substantially all of its cash and cash equivalents with a Canadian chartered bank, which reduces credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

Historically, the Company has generated cash flow from private placement financing. There can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company.

As at June 30, 2023, the Company had a working capital deficit of $19,539 (December 31, 2022- working capital of $169,453), which included cash and cash equivalents of $226,803 (December 31, 2022- $334,566), amounts receivable of $19,703 (December 31, 2022- $22,267) and prepaid expenses and advances of $9,648 (December 31, 2022- $26,821), offset by current liabilities of $275,693 (December 31, 2022- $214,201). The Company is exploring opportunities to raise additional net working capital to finance its planned activities.

Foreign currency risk

Some of the Company's purchases are denominated in foreign currencies, primarily in Colombian pesos. Consequently, certain assets and liabilities, namely cash, and accounts payable and accrued liabilities, include amounts in Colombian pesos that are exposed to currency fluctuations.

The following balance sheet items included amounts in foreign currencies at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	Colombian Pesos	
Cash	1,089,189	1,089,189
Amounts receivable	28,653,884	32,512,628
Accounts payable and accrued liabilities	(78,232,076)	(78,232,076)
Net balance	(48,489,004)	(44,630,259)
Equivalent in Canadian dollars (net)	**$ (15,380)**	**$ (12,476)**

A 10% strengthening (weakening) of the Canadian dollar against the Colombian peso would decrease (increase) net loss by approximately $(1,500). (December 31, 2022 - $(1,200)).

(In Canadian dollars)

9. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity and current liabilities. The Company manages its capital structure and makes adjustments based on the funds available to support the development of its operations. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned development and funding of ongoing administrative expenses, the Company will utilize its existing working capital and will raise additional capital as appropriate.

The Company's management reviews its capital management approach on an ongoing basis and believes that it reflects a reasonable approach given the relative size of the Company. There were no changes to the approach to capital management for the six months ended June 30, 2023 and 2022.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

On August 8, 2022, the TSXV determined that the Company no longer met the continued listing requirements for a Tier 2 listed company and the Company's listing was transferred to the NEX Exchange.

10. ACQUISITION OF EXPLORATION AND EVALUATION PROPERTIES

On April 23, 2021, the Company completed the acquisition of a 100% equity interest in Buenaventura, which owns a 100% interest in the Otú Centro Project in Colombia.

Purchase price consideration

The acquisition was treated as an asset acquisition for accounting purposes as Buenaventura does not meet the definition of a business, as defined in IFRS 3, Business Combinations. The preliminary allocation of the purchase price of the assets acquired and liabilities assumed were recorded at their estimated fair market values, which are based on management estimates.

10. ACQUISITION OF EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Purchase price:		
Cash consideration	$	1,227,163
Share consideration		3,761,441
Future obligations		5,435,974
Total purchase price	$	10,424,578
Fair value of assets acquired and liabilties assumed:		
Amounts receivable and prepaid	$	-
Fixed assets		-
Accounts payable and accrued liabilties		-
Cash		-
Total net asset acquired	$	-
Excess of purchase price over fair value of assets acquired	**$**	**10,424,578**

Buenaventura had been originally incorporated for the sole purpose of holding the Otú Centro Project assets.

The future obligations were the net present value of the future payments, discounted at 15%. The discount rate was estimated as an appropriate rate considering discount rates of other companies in the industry. As at August 4, 2022, the future obligations were adjusted to $3,017,640 (April 23, 2021- $5,435,974) and $199,828 of accretion expenses were charged to the Company's statement of loss and comprehensive loss for the six months ended June 30, 2022. The Company has returned the equity interest in the Otu Centro Project. See Note 4.

11. COMMITMENTS AND CONTINGENCIES

Management contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $60,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $33,400, due within one year.

Environmental

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

Litigation

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial conditions, operations or liquidity.