Consolidated Financial Statements
(In U.S. dollars)

GOLCONDA GOLD LTD.

(formerly GALANE GOLD LTD.)

For the years ended December 31, 2023 and December 31, 2022

Independent Auditor's Report

To the Shareholders of Golconda Gold Ltd.

Opinion

We have audited the consolidated financial statements of Golconda Gold Ltd. and its subsidiaries (referred as the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of earnings (loss) and comprehensive income (loss), the consolidated statements of changes in equity, and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Group 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that should the Group not be successful in achieving its production targets and positive cash flows it may be necessary for the Group to raise additional funding which is not guaranteed. As stated in note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and based on our risk assessment, we considered going concern to be a Key Audit Matter.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included the following:

- We obtained the Directors' 12-month cash flow forecast and compared the underlying cash flows for revenue, production costs, capital expenditure and general and administration costs to the cashflows in the impairment model, to check for consistency;
- We assessed the mathematical accuracy of the underlying cash flow forecast;
- We agreed the cash inflow from the financing facility in the cashflow forecast to the agreement finalized post year end and we checked the terms therein to assess their appropriate application within the Going concern assessment;
- We assessed the terms of those financing facilities and checked if they had been appropriately captured in the going concern assessment;
- We corroborated capital commitments entered into during the post balance sheet period and assessed their impact on the going concern assessment;
- We considered management plans for the repayment of the current liabilities in the consolidated statement of financial position as at 31 December 2023 and any terms of those arrangements;
- We reviewed the disclosures within the financial statements to check if the material uncertainties pertaining to going concern have been appropriately disclosed.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying value of Mining properties and Plant and Equipment (see notes 1, 3(i),4(f) and note 9)	At 31 December 2023, the Group held Mining Properties and associated Plant and Equipment of $41.2m (2022: $40.6m) on the consolidated Statements of Financial position. As detailed in note 3(i), there are judgments and estimates that underpin the carrying value. Management and the Board are required to assess whether there are any potential impairment triggers, which could indicate that the carrying value of the assets as at 31 December 2023 may not be recoverable. Given the financial significance of the Mining Properties and associated assets, and the significant judgement involved in determining whether any indicator of impairment exist, we consider this to be a key audit matter.	We reviewed and challenged Management's impairment indicator assessment by checking whether it was performed in accordance with relevant accounting standards, and whether there were any indicators of impairment. Our specific audit procedures performed in this regard included the following: We obtained an understanding of the controls and processes in the preparation of the Resource report which underpin the economic value of the Mining properties. This included challenging the reliability of the source data used by the competent person and verifying their objectivity and expertise. We performed a site visit to the Galaxy Gold mine in South Africa, to understand the operation and we checked for any evidence of obsolescence in terms of the operating assets. We reviewed the economic models provided by management for the Galaxy and Summit Gold mines to corroborate the Group's impairment indicator assessment. For the Galaxy mine, we evaluated the reasonableness of the projected cash flows by comparing them to the mine's current performance, future production ramp-up plans, insights gained from our site visit, and relevant market data, including prevailing gold prices. In the case of the Summit mine, which is currently under care and maintenance, we examined the indicators of impairment by considering relevant internal and external factors, and critically appraising Management's intentions and strategies for restarting mining operations. With the assistance from our valuations expert, we performed sensitivity analysis on the discount rates applied in the cash flow calculation to assess for reasonableness. In relation to Summit mine, which is on care and maintenance in the US, the preliminary economic assessment was obtained and we challenged Management's competent person regarding the underlying economics and the feasibility of plans to bring the mine through to production.

		Key observations: We found management's assessment of the indicator of impairment of Mining properties and Plant and Equipment to be reasonable.

Other Information

Management is responsible for the other information. The other information comprises the information, included in the Management's Discussion & 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 the Management's Discussion & 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 IFRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 scepticism 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 Group'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 Group'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 Group 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 those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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 Matt Crane.

DocuSigned by:
BDO LLP
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Chartered Professional Accountants, Licensed Public Accountants
BDO LLP
London, UK
29 April 2024

GOLCONDA GOLD LTD.

Consolidated Statements of Financial Position
(In U.S. dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets:			
Cash and cash equivalents		113,213	639,033
Trade receivables and other assets	7	842,284	962,627
Inventories	8	255,003	444,182
		1,210,500	2,045,842
Non-current assets:			
Mining properties and plant and equipment	9	41,157,368	40,573,511
		41,157,368	40,573,511
		42,367,868	42,619,353
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	11	4,433,254	3,870,141
Interest-bearing loans and borrowings	12	4,546,834	3,025,094
		8,980,088	6,895,235
Non-current liabilities:			
Restoration and rehabilitation provision	13	2,132,231	2,123,017
Warrants	15	-	253,597
		2,132,231	2,376,614
Equity			
Share capital	15	58,149,241	58,149,241
Reserves	15	2,887,763	2,829,896
Deficit		(29,781,455)	(27,631,633)
		31,255,549	33,347,504
		42,367,868	42,619,353

Going Concern (Note 2)
Subsequent Events (Note 21)

Approved and authorized by the Board on April 29, 2024:

"Ravi Sood " Director *"Dino Titaro "* Director

See accompanying notes to the consolidated financial statements.

GOLCONDA GOLD LTD.

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
(In U.S. dollars)

	Note	Years ended December 31, 2023	2022[1]
Revenue		9,366,220	13,168,143
Mine operating costs	16a	(9,016,919)	(11,506,339)
Earnings from mine operations		349,301	1,661,804
Corporate general and administration	16b	(2,069,275)	(2,636,808)
Foreign exchange gain		187,501	290,382
Other income / (expenses)	16c	160,025	(837,210)
Net financing (expense) / income	16d	(777,374)	404,285
		(2,499,123)	(2,779,351)
Net loss from continuing operations before taxation		(2,149,822)	(1,117,547)
Taxation	14	-	-
Net loss and comprehensive loss from continuing operations		(2,149,822)	(1,117,547)
Net earnings and comprehensive income from Discontinued operations	6	-	147,107
Net loss and comprehensive loss		(2,149,822)	(970,440)
Basic and diluted loss per common share from continuing operations	15	(0.03)	(0.01)
Basic and diluted earnings per common share from discontinued operations	15	-	0.00
Total basic and diluted loss per common share		(0.03)	(0.01)
Weighted average number of common shares – basic	15	71,273,309	71,273,309
Weighted average number of common shares – diluted	15	71,273,309	71,273,309

[1] The results of the Mupane operation have been presented as discontinued operations. Refer to Note 6.

See accompanying notes to the consolidated financial statements.

GOLCONDA GOLD LTD.

Consolidated Statements of Changes in Equity
(In U.S. Dollars)

Years ended December 31, 2023 and December 31, 2022

		Capital stock		Reserves		
	Notes	Number	Amount	Stock based payments	Deficit	Total
Balance as at December 31, 2021		71,273,309	58,149,241	2,744,270	(26,661,193)	34,232,318
Net loss and comprehensive for the year		-	-	-	(970,440)	(970,440)
Stock-based compensation	16b	-	-	85,626	-	85,626
Balance as at December 31, 2022		71,273,309	58,149,241	2,829,896	(27,631,633)	33,347,504
Net loss and comprehensive loss for the year		-	-	-	(2,149,822)	(2,149,822)
Stock-based compensation	16b	-	-	57,867	-	57,867
Balance as at December 31, 2023		71,273,309	58,149,241	2,887,763	(29,781,455)	31,255,549

See accompanying notes to the consolidated financial statements.

GOLCONDA GOLD LTD.

Consolidated Statements of Cash Flows
(In U.S. Dollars)

	Note	Years ended December 31, 2023	2022[1]
Cash flows from operating activities:			
Net loss for the year from continuing operations		(2,149,822)	(1,117,547)
Items not involving cash:			
Depreciation and depletion	9	790,912	1,085,629
Stock-based compensation	16b	57,867	85,626
Accretion	13	158,793	278,188
Financing cost on borrowings	16d	872,178	203,192
Foreign exchange (gain)		(216,635)	(290,382)
Change in fair value of warrants	15	(253,597)	(885,665)
Change in estimate		(70,954)	(51,591)
Other		(195,413)	55,000
Working capital adjustments:			
Change in trade and other receivables		102,037	(446,448)
Change in inventories		163,684	(25,757)
Change in trade and other payables		722,192	1,540,404
Cash flows from operating activities			
Continuing operations		(18,758)	430,649
Discontinued operations		-	714,765
Cash flows from investing activities:			
Mining assets acquired	9	(1,153,631)	(1,237,992)
Cash flows used in investing activities			
Continuing operations		(1,153,631)	(1,237,992)
Discontinued operations		-	(317,737)
Cash flow from financing activities[2]:			
Barak loan repayment and royalty		-	(2,290,893)
Borrowings		1,000,000	2,970,000
Interest paid		(350,438)	(178,097)
Cash flows used in financing activities			
Continuing operations		649,562	501,010
Discontinued operations		-	(248,859)
Decrease in cash		(522,827)	(158,164)
Effect of foreign exchange rate changes		(2,993)	55,889
Cash, at January 1		639,033	963,350
Disposal of Mupane		-	(222,042)
Cash, at December 31		113,213	639,033

[1] The results of the Mupane Property have been presented as discontinued operations. Refer to Note 6.
[2] See Note 20 for supplementary cash flow information.

1. Corporate Information

Golconda Gold Ltd. (the "Company" or "Golconda"), formerly Galane Gold Ltd., operates through its wholly owned subsidiary, Galane Gold Mines Ltd., which was incorporated under the Business Corporations Act (Ontario) on November 15, 2010 and whose principal business activities are the exploration for, development of, and operation of gold mining properties. The Company's registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada.

The Company owns two mining assets: (1) a producing mine which also has the rights to certain mineral exploration tenements (the mine and mineral exploration tenements collectively, "Galaxy") located in the Republic of South Africa ("South Africa"); and (2) a mine and processing infrastructure located in the United States of America ("Summit").

2. Going Concern

These financial statements were prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") that are applicable to a going concern.

As at December 31, 2023, the Company had a working capital deficiency (current assets less current liabilities) of $7.8 million, including a rolling prepayment loan facility that is able to be re-drawn on maturity in 2024. Earnings from continuing mining operations were $0.3 million for the year ended December 31, 2023. Cashflow from operating activities was breakeven for the year ended December 31, 2023. The Company has $228,000 of commitments for capital expenditures at the Galaxy mine as of December 31, 2023.

Post year end, the Company secured a $5 million stream financing (the "Stream Investment") to support its development and growth plans at Galaxy. These proceeds have significantly improved the Company's balance sheet and working capital position, and the proceeds will be used to procure additional new mining equipment, refurbish existing mining equipment, accelerate mine development and provide working capital. Management is confident that with this investment it will be able to deliver on the next phase of its development plan and improve production and increase the Company's cash flows, supported by the current strong gold price environment.

The Directors have performed an assessment of the ability of the Company to continue as a going concern which covers a period of at least 12 months from the date of approval of the financial statements. Risks to the Company's ability to continue as a going concern include the ability of operations to meet production targets to generate sufficient cash flow to manage working capital and re-pay borrowings upon maturity. It is currently anticipated that the Company will re-draw its rolling pre-payment facility during 2024 and with the recent Stream Investment, the Company will invest in the next stage of its development plan, which targets a significant increase in production and operating cash flow. Should the Company not be successful in achieving its production targets and positive cash flow it may be necessary for the Company to raise additional funding which is not guaranteed. This indicates the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern. Therefore, the Company may be unable to realise its asset and discharge its liabilities in the normal course of business. Because of these uncertainties, there can be no assurance that the measures that management is taking to mitigate risks to the Company's liquidity position will be successful. The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company's cash flows and the Company continues to review its near-term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

In (U.S. dollars)

These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Basis of preparation:

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS, as issued by the IASB. The consolidated financial statements were approved by the Board of Directors of the Company (the "Board") on April 29, 2024.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments which are held at fair value. The methods used to measure fair values are discussed in Note 4.

(c) Basis of consolidation

The significant subsidiaries of the Company are accounted for as follows:

	Country of Incorporation	% equity interest December 31, 2023
Galane Gold Mines Ltd.	Canada	100%
Mupane Gold Mines Limited	Mauritius	100%
Galaxy Gold Mining (Pty) Limited	South Africa	83%[1]
Galaxy Gold Reefs (pty) Ltd.	South Africa	74.7%[2]
Summit Gold Corporation	U.S.A.	100%

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

All balances, income and expenses and unrealized gains and losses resulting from transactions amongst subsidiaries of the Company are eliminated on consolidation.

The Company's other subsidiaries are Gallery Gold Pty Ltd. (Australia – 100% owned) and Shashe Mines (Pty) Ltd. (Botswana - 85% owned).

[1] On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy Gold Mining (Pty) Limited ("Galaxy") to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the "BEE Requirement").

[2] On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

Because the Company is deemed, for accounting purposes, to control the various trusts, these donations do not give rise to non-controlling interests.

(d) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and each of its subsidiaries. All amounts are in U.S. dollars, except where otherwise indicated.

(e) Significant accounting judgements, estimates and assumptions:

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Key judgements

Going concern

Significant judgements are used in the Company’s assessment of its ability to continue as a going concern which is described in Note 2.

Management is required to exercise judgment in order to ensure that disclosures relating to liquidity and the Company’s ability to continue as a going concern are appropriate. To this end, the Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs. Changes in production levels, gold prices, foreign exchange rates and other factors all impact the Company’s liquidity position.

Impairment of mining properties and plant and equipment

Mining properties and plant and equipment are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgements over internal and external factors including resource estimation, status of legal ownership, changes in government legislation, and regulations, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset’s carrying amount exceeds its recoverable amount, an impairment loss is recognized in the Company’s statement of loss.

During the year ended December 31, 2023 a review for impairment indicators was performed. None were identified.

(ii) Key estimates

Mineral reserves and resources

Mineral reserves and resources have been estimated by qualified personnel of the Company in accordance with definitions and guidelines adopted by The Canadian Institute of Mining, Metallurgy and Petroleum. The Company currently only declares mineral resources. A mineral reserve is a technical estimate of the amount of metal or mineral that can be economically extracted from a mineral deposit. Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data. Reserve and resource statements also require an estimate of the future price for the commodity in question and an estimate of the future costs of operations. Mineral reserve and resource estimates are subject to uncertainty and may be inaccurate. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate may justify a revision of such estimates.

Actual production costs may vary from estimated production costs due to many factors like changing costs of inputs such as labour, energy and consumables as well as varying royalty expenses related to the price of gold.

A number of accounting estimates, as described in the following relevant accounting policy notes, are impacted by the reserve and resource estimates:

- Note 4(g) – Depreciation and depletion rates
- Note 4(h)(ii) – Impairment of non-financial assets
- Note 4(i) – Restoration and rehabilitation provision

Restoration and rehabilitation provision

Amounts recorded for restoration and rehabilitation provision require management to estimate the future costs the Company will incur to complete the reclamation and remediation work required to comply with applicable laws and regulations as well as the timing of the reclamation activities and estimated discount rate. Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management’s best estimate of the present value of the future reclamation and remediation costs.

(f) Future accounting pronouncements

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2023:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective for annual periods beginning on or after January 1, 2024.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) effective for annual periods beginning on or after January 1, 2024.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) effective for periods on or after January 1, 2024.
- Lack of exchangeability (Amendments to IAS 21) effective for periods on or after January 1, 2025.

The Company anticipates that all the pronouncements will be adopted for the first period beginning after the effective date. The adoption of the new and amended standards are not expected to have a material impact on the Company's consolidated financial statements.

4. Material accounting policies:

(a) Foreign currency translation

Transactions in foreign currencies are translated at the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange on the date of the consolidated statement of financial position. All differences are taken to the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(b) Business combinations

On the acquisition of a subsidiary, the purchase method of accounting is applied whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

The cost of the business combination is the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree.

If the fair value attributable to the Company’s share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If that excess remains after reassessment, the Company recognizes the resulting gain in the consolidated statement of loss and comprehensive loss on the acquisition date.

Costs directly related to business combinations are expensed in the year they are incurred.

If a transaction does not meet the definition of a business under IFRS, the transaction is recorded as an asset acquisition. Accordingly, the net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, based on their relative fair values at the acquisition date. Acquisition-related costs are included in the consideration paid and capitalized.

(c) Financial instruments

The Company recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

On initial recognition, financial assets and liabilities are classified as and measured at: amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“OCI”) according to their contractual cash flow characteristics and the business models under which they are held.

A financial asset (in whole or in part) is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, trade and other receivables, accounts payable and accrued liabilities and interest bearing loans and borrowings. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management of investment strategy.

Warrants denominated in foreign currency are classified as fair value through profit or loss. Any unrealized gains or losses related to changes in the fair value are included in financing income or financing costs.

Other financial instruments

Financial assets are measured at amortized cost if they are held for the collection of contractual cash flows where those cash flows solely represent payments of principal and interest. The Company's intent is to hold these financial assets in order to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. All of the Company's financial assets fall under this category.

Other financial liabilities are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. These include mining royalties and accounts payable and accrued liabilities.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days.

(e) Inventories

Work in progress inventories are valued at the lower of cost or net realizable value. Production costs include the cost of materials, labour, mine site production overheads and depreciation to the applicable stage of processing.

Ore stockpiles are valued at the lower of cost and net realizable value. The cost of ore stockpiles is increased based on the related current mining cost per tonne for the period, and decreases in ore stockpiles are recorded in mining costs using the weighted average cost per tonne.

Consumables are valued at the lower of average purchase cost and net realizable value. Provisions for redundant and slow-moving items are made by reference to specific items of stock. Spare parts and stand-by held are generally classified as inventories. However, if major spare parts (critical spares) and stand-by equipment (insurance spares) are expected to be used for more than one period or can only be used in connection with a particular capital asset, then they are classified as a component of mining assets.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

(f) Mining properties and plant and equipment

Mining properties are measured at cost less accumulated depreciation and accumulated impairment charges.

The initial cost of an asset comprises its purchase or construction cost, any costs directly attributable to bringing the asset to a working condition for its intended use, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost of self-constructed assets includes the cost of materials and direct labour.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in earnings as incurred.

Mining properties presented on the consolidated statement of financial position represent the capitalized expenditures related to mine development.

(i) Mine development

Upon determination of technical feasibility and commercial viability of an exploration and evaluation asset, all subsequent expenditure is capitalized to mine development costs and the related costs are amortized when the projects are brought into production. Mine development costs include expenditures to develop new ore bodies, define further mineralization in existing ore bodies, construct and install or complete infrastructure facilities.

Where funds have been borrowed, either to specifically finance a project or for general borrowings during the period of construction, the amount of interest capitalized represents the actual borrowing costs incurred, in the case of specific finance arrangements, or an allocation of interest on general borrowings.

(g) Depreciation and depletion

Mining properties are depleted when the assets are ready for their intended use using the units-of-production method over the shorter of the estimated economic life of the asset or the mining operation.

The current resource estimate is the prime determinant of the life of the mine. In estimating the life of mine, the nature of the ore body and the method of mining the ore body are taken into account. In general, an ore body where the mineralization is reasonably well defined is depleted over its proven and probable mineral reserves. Non-reserve material may be included in depreciation calculations in circumstances where there is a high degree of confidence in its economic extraction. Changes in the estimate of mineral reserves and resources will result in changes to the depreciation and will be accounted for on a prospective basis over the remaining life of the operation.

Property, plant and equipment are depreciated using the units of production method or the straight-line method over the estimated useful lives of the related assets as follows:

- Buildings 10 years
- Machinery 5-10 years
- Mining equipment 5 years
- IT equipment 3 years

Changes in a mine's life and design will usually result in changes to the basis of depletion. These changes are accounted for prospectively.

Residual values, useful lives and depletion methods are reviewed at least annually and adjusted if appropriate. Changes are accounted for prospectively. When no further future economic benefits are expected from an asset it will be de-recognised. Any gain or loss on de-recognition of the asset is included in the consolidated statement of loss and comprehensive loss in the year the asset is de-recognised.

(h) Impairment

(i) Financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

(ii) Non-financial assets

If a mineral property is abandoned or deemed economically unfeasible, the related project balances are derecognised.

The Company conducts quarterly impairment assessments of the values of long-lived assets, including mining assets and exploration and evaluation assets. If an indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. The Company considers that it currently has two CGUs, being the Galaxy mine and the Summit mine.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recorded so as to reduce the carrying amount to its recoverable amount. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount for the asset since the impairment loss was recognized. If this is the case, the carrying amount is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

The recoverable amount is determined based on the present value of estimated future cash flows from each long-lived asset, which are calculated based on numerous assumptions such as proven and probable reserves, resources when appropriate, estimates of discount rates, estimated future metal prices, operating costs, capital and site restoration expenses and estimated future foreign exchange and inflation rates, as defined under IFRS for FVLCD and VIU. Management's assumptions and estimates of future cash flows are subject to risks and uncertainties, particularly when market conditions such as the price of gold, inflation, currency values and interest rates are volatile, and may be partially or totally outside of the Company's control. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect the recoverability of the Company's long-lived assets.

(i) Restoration and rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore and rehabilitate sites in the period in which the obligation is incurred with a corresponding increase in the carrying value of the related mining asset. The obligation is generally considered to have been incurred when mine assets are constructed or the environment is disturbed. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The discounted liability is adjusted at the end of each period to reflect the passage of time, based on the discount rates that reflect current market assessments and the risks specific to the liability, and changes in the estimated future cash flows underlying the obligation.

These estimates depend on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and risk-free interest rates specific to each liability. The Company also estimates the timing of the outlays, which is subject to change depending on continued operation or newly discovered reserves. The periodic unwinding of the discount is recognized in earnings as a finance cost. Additional disturbances or changes in restoration costs will be recognized as changes to the corresponding assets and asset retirement obligation when they occur. Environmental and on-going site clean-up costs at operating mines, as well as changes to estimated costs for closed sites, are charged to earnings in the period during which they occur.

(j) Income taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods 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 substantially enacted by the date of the consolidated statement of financial position.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Provision for uncertain tax positions is recognised within current tax when management determines that it is probable that a payment will be made to the tax authority. For such tax positions the amount of the probable ultimate settlement with the related tax authority is recorded. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognised, the Company discloses tax-related contingent liabilities and contingent assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current income taxes relating to items recognized directly in equity are recognized directly in equity.

(ii) Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the period end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent, investor, or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except as noted above.

The carrying amount of deferred income tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each period end date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

A translation gain or loss will arise where the local tax currency is not the same as the functional currency. Deferred tax is recognized on the difference between the book value of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the period end date.

Deferred income taxes relating to items recognized directly in equity are recognized directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Revenue recognition

Revenues comprise sales of gold concentrate from the Galaxy Property (defined below) and for the prior year, until its disposal, gold doré from the Mupane Property. Revenues from the sale of gold doré are recognized when control is transferred to the customer. Control transfers when gold is delivered to the customer, usually a gold refinery, the customer has full discretion over the gold and there is no unfulfilled obligation that could affect the customer's acceptance of the gold. Control over the gold produced is transferred to the customer and revenue recognized upon delivery to the customer.

In the year ended December 31, 2019 the Company commenced selling gold concentrate from the Galaxy mine, which produces gold concentrate. For each shipment of gold concentrate, a provisional invoice representing up to 90% of the sales value of that shipment is issued when the shipment is made and provisionally assayed, and revenue for 100% of the sales value is recognised. Based on the results produced by the final assay and the quoted gold prices in effect during the period of one full month following the date of making the shipment, a final invoice is produced in respect of that shipment, with the off-take partner paying the difference between the sales value of that final invoice and the amount paid in respect of the provisional invoice. Revenue in respect of sales of gold concentrate is recognised in profit or loss based on the final invoices for those sales, with an estimate of final sales value being made in the case of shipments made prior to the end of a reporting period in respect of which the final invoice has not been issued before the date of reporting.

(l) Share-based payments

The Company has an omnibus equity incentive plan that is described in Note 15. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve balance is transferred to share capital. Charges for options that are forfeited before vesting are reversed through income.

(m) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share uses the treasury stock method. The weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options or warrants are used to repurchase common shares at their average market price during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

5. New and amended IFRS Standards that are effective for the current year

The following new accounting pronouncements are effective for annual periods beginning on or after January 1, 2023 and have been incorporated into the consolidated financial statements. The adoption of these pronouncements did not have a significant impact in the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting estimates
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction
In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that, where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the

In (U.S. dollars)

financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

6. Assets held for sale and discontinued operations

On November 29, 2021, the Board approved the disposition of the Company's interests in Botswana, namely the Mupane gold mine in Botswana (the "Mupane Property").

On February 7, 2022, the Company entered into definitive agreements to sell the Mupane Property to Hawks Mining Company Proprietary Limited, a company registered under the laws of Botswana and owned by certain individuals forming part of the Company's local Botswana management team. On May 3, 2022 the disposal of the Mupane Property was completed.

The carrying amounts of the Mupane Property as at the date of disposal and the resulting loss on sale are as follows:

	May 3, 2022
Assets:	
Cash	222,042
Trade receivables and other assets	1,169,192
Inventories	3,832,962
Mining and exploration properties and plant and equipment	12,457,347
	17,681,543
Liabilities:	
Accounts payable and accrued liabilities	8,816,060
Interest-bearing loans and borrowings	5,852,090
Restoration and rehabilitation provision	2,668,717
	17,336,867
Loss on sale	344,676

The net earnings from discontinued operations for the years ended December 31, 2022 were as follows:

	Year ended December 31, 2022
Revenue	9,842,724
Operating cost	(8,690,347)
Earnings from mining operations	1,152,377
Expenses:	
Foreign exchange (loss)	(143,407)
Financing costs	(157,715)
Impairment	(362,334)
Other income	2,862
Loss on sale	(344,676)
	(1,005,270)
Earnings from discontinued operations before taxation	147,107
Taxation	-
Net earnings (loss) and comprehensive income from discontinued operations	147,107

In (U.S. dollars)

7. Trade receivables and other assets

	December 31, 2023	December 31, 2022
Current:		
Trade receivables	86,354	762,677
Taxes recoverable	507,306	41,143
Prepaid expenses and advances	105,522	38,984
Other receivables	143,102	119,823
	842,284	962,627

8. Inventories

The amount of inventory recognized as an expense during the period is included in mining costs in the consolidated statement of earnings and comprehensive earnings. The carrying values at the end of the respective periods are:

	December 31, 2023	December 31, 2022
Finished goods	85,441	138,800
Supplies	158,016	231,529
Ore Stockpiles	11,546	73,853
	255,003	444,182

The finished goods and ore stockpiles inventories as of December 31, 2023 are carried at net realisable value.

There were no write-downs of inventories recorded for the year ended December 31, 2023 (year ended December 31, 2022 - $nil).

9. Mining properties and plant and equipment

The continuity of mining assets for the years ended December 31, 2023 and December 31, 2022 is as follows:

	Mining Properties	Construction in Progress	Plant and Equipment	Total
Cost at December 31, 2022	34,757,384	567,912	8,218,974	43,544,270
Movements:				-
Additions	1,243,770	-	105,877	1,349,647
Transfers	567,912	(567,912)	-	-
Change in rehabilitation provision estimate	25,122	-	-	25,122
Cost at December 31, 2023	36,594,188	-	8,324,851	44,919,039
Accumulated depreciation and depletion at December 31, 2022	(898,730)	-	(2,072,029)	(2,970,759)
Depreciation and depletion for the period	(241,154)	-	(549,758)	(790,912)
Accumulated depreciation and depletion at December 31, 2023	(1,139,884)	-	(2,621,787)	(3,761,671)
Net book value, December 31, 2023	35,454,304	-	5,703,064	41,157,368

The short-term loan note (see note 12) has security over the Summit Property.

In (U.S. dollars)

The continuity of mining assets for the year ended December 31, 2022 is as follows:

	Mining Properties	Construction in Progress	Plant and Equipment	Total
Cost at December 31, 2021	112,194,394	723,653	16,801,764	129,719,811
Movements:				-
Additions	1,272,581	-	261,002	1,533,583
Impairment of Mupane – Note 6	(362,334)	-	-	(362,334)
Loss on sale of Mupane – Note 6	(344,676)	-	-	(344,676)
Change in rehabilitation provision estimate	(1,413,964)			(1,413,964)
Disposal of Mupane	(76,588,617)	(155,741)	(8,843,792)	(85,588,150)
Cost at December 31, 2022	34,757,384	567,912	8,218,974	43,544,270
Accumulated depreciation and depletion at December 31, 2021	(68,047,024)	-	(7,335,729)	(75,382,753)
Depreciation and depletion for the period	(469,064)	-	(616,565)	(1,085,629)
Disposal of Mupane	67,617,358	-	5,880,265	73,497,623
Accumulated depreciation and depletion at December 31, 2022	(898,730)	-	(2,072,029)	(2,970,759)
Net book value, December 31, 2022	33,858,654	567,912	6,146,945	40,573,511

10. Financial instruments

(a) Financial risk management objectives and policies

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its operations, current mine development plans and long-term growth strategy. The Company is subject to various financial risks that could have a significant impact on profitability and financial conditions. These risks include liquidity risk, credit risk and financial market conditions relating to interest rates, gold price, and currency rates.

The following discussion includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and equity, where applicable. Financial instruments affected by market risk include cash, trade and other receivables, accounts payable and accrued liabilities and borrowings.

(b) Financial instruments by category

The Company's financial instrument consist of cash and cash equivalents and trade and other receivables that are carried at amortised cost, accounts payable and accrued liabilities and borrowings that are carried at amortized cost and warrants that are carried at fair value through profit and loss.

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities approximates their fair value.

(c) Risks

Management reviews and approves policies for managing each of the risks which are summarised below:

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at December 31, 2023, the Company's cash balance was $113,213 (2022 - $639,033), and it had a working capital deficit (current assets less current liabilities) of $7,796,200 (2022 – $4,849,393) (Note 2). Current liabilities have maturities of less than twelve months.

The Company has a treasury policy to assist in managing its liquidity risk, which requires management to:

- monitor cash balances;
- perform short to medium-term cash flow forecasting, as well as medium and long-term forecasting incorporating relevant budget information; and
- consider the need for expanding treasury activity if and when appropriate (including but not limited to hedging and derivatives).

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is associated with cash, trade and other receivables.

The Company holds cash in credit worthy financial institutions and does not hold any asset-backed commercial paper.

The credit risk related to the trade receivable is considered minimal as gold concentrate is sold to creditworthy offtake partners and settled promptly, with provisional invoices settled within three business days and final invoices within 60 days. Gold concentrate is sold under-pricing arrangements where final prices are set at a specified future date, within 60 days of initial delivery, based on market gold prices. At December 31, 2023, there was $86,354 outstanding (2022 - $762,677) included in trade and other receivables relating to gold production.

The credit risk related to receivables from government relate to taxes included in trade and other receivables and relate to not receiving amounts claimed due to government audits or other factors. There has been no expected credit loss recognised in the year ended December 31, 2023.

(iii) Foreign currency risk

The Company is exposed to currency risk through transactions denominated in currencies other than the U.S. dollar. The risk is mainly due to transactions incurred in South African Rand ("ZAR") and the Canadian dollar. Net financial liabilities denominated in currencies other than U.S. Dollar are summarised as follows:

U.S. Dollars	December 31, 2023	December 31, 2022
South African Rand	(2,336,956)	(2,410,822)
Canadian Dollar	(1,114,649)	(799,371)
	(3,451,605)	(3,210,193)

A 10% strengthening of the U.S. dollar against these foreign currencies at year-end would have resulted in an increase in the Company's earnings for the year of $345,161 (2022 – $321,019). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the U.S. dollar against these currencies at year-end would have resulted in a decrease in the Company's earnings for the year of $345,161 (2022 – $321,019). This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Interest rate risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily on its borrowings, specifically the concentrate prepayment facility (Note 12). As the Company's loans and borrowings are short-term there is minimal fair value sensitivity to changes in interest rates.

(v) Commodity price risk

Commodity price risk relates to the risk that the fair values of the Company's financial instruments will fluctuate because of changes in commodity prices. Commodity price fluctuations may affect the revenue that the Company generates in its operations as well as the costs incurred at its operations for royalties based on the gold price. There has been no significant change in the Company's objectives and policies for managing this risk during the period ended December 31, 2023. Given the short-term nature of the Company's financial instruments that may be impacted by fluctuations in commodity price there are currently no commodity pricing hedging programmes in place.

(d) Capital management

The Company's objectives when managing capital are:

- to ensure the Company has sufficient financial capacity to support its operations, current mine development plans and the long-term growth strategy;
- to provide a superior return to its shareholders; and
- to protect the Company's value with respect to markets and risk fluctuations.

The Company's capital structure reflects the requirements of a company focused on growth in a capital intensive industry that experiences lengthy development lead times as well as risks associated with capital costs and timing of project completion due to factors that are beyond the Company's control, including the availability of resources, the issuance of necessary permits, costs of various inputs and the volatility of the gold price.

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the forward gold prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, issue new shares, or arrange for a debt facility.

There have been no changes in the Company's capital management strategy during the period.

In (U.S. dollars)

11. Accounts payable and accrued liabilities:

	December 31, 2023	December 31, 2022
Accounts payable	3,526,931	3,375,949
Accrued liabilities	906,323	494,192
	4,433,254	3,870,141

Trade payables and accrued liabilities are non-interest bearing.

12. Interest-bearing loans and borrowings:

	December 31, 2023	December 31, 2022
Current:		
Concentrate prepayment facility	3,065,814	3,025,094
Dantinor short-term loan note	1,481,020	-
	4,546,834	3,025,094

On October 2, 2018, the Company entered into a loan agreement with Barak Fund SPC Limited ("Barak") with respect to a $5,000,000 secured loan facility (the "Barak Facility"), for a term ending three years from the date of the first drawdown and bearing interest at a rate of 14% per annum. The funds have been used towards the refurbishment and expansion of the processing facilities and restarting underground mining operations at the Galaxy property. The Company agreed to pay to Barak, or its nominee, 0.75% of the net proceeds accruing to Galaxy under an off-take agreement covering the annual gold concentrate production of the Agnes gold mine in Barberton owned and operated by Galaxy, after taking into account all attributable logistics and freight costs, State Royalties (as defined in the Barak Facility) and value-added tax (if applicable) during the period over which the loan remained outstanding. During the year ended December 31, 2022, the Company fully repaid the Barak Facility and the net proceeds payments ceased accruing.

On August 3, 2022, the Company entered into a new gold concentrate offtake agreement (the "Ocean Partners Offtake Agreement") with Ocean Partners UK Limited ("Ocean Partners") which included providing the Company with an unsecured $3,000,000 short-tern revolving credit facility bearing interest at US$ 3-month LIBOR (or CME Term SOFR) plus 7.5% ("Ocean Partners Facility"). Interest and principal for the Ocean Partners Facility will be repaid against deliveries of gold concentrate or cash by the Company to Ocean Partners under the Ocean Partners Offtake Agreement. The Company can elect to repay the full principal amount outstanding under the Ocean Partners Facility and any accrued interest without any penalty with two weeks of advance notice. Once a drawdown under the Ocean Partners Facility is repaid, such amount can subsequently be redrawn.

On March 29, 2023 the Company entered into a loan agreement with Dantinor SA with respect to a term loan facility of up to $1,000,000, with a maturity date of March 29, 2024, extendable by a further six months upon satisfaction of certain conditions. Post December 31, 2023 this maturity date was extended to March 29, 2025 (see Note 21). The loan bears an interest rate of 6% per annum and has a redemption premium of between 50% and 100%. The loan is secured against the issued and outstanding shares of Summit Gold Corporation.

In (U.S. dollars)

13. Restoration and rehabilitation provision

January 1, 2022	3,470,988
Foreign exchange movement	(212,196)
Accretion during the year	278,188
Change in estimate	(1,413,963)
At December 31, 2022	2,123,017
Foreign exchange movement	(103,748)
Accretion during the year	158,793
Change in estimate	(45,831)
At December 31, 2023	2,132,231

For the Galaxy provision, management of the Company used a pre-tax nominal discount rate of 9.8% in preparing the Company's provision. The undiscounted inflation adjusted liability for the restoration and rehabilitation provision as at December 31, 2023 is $3,307,123 (ZAR 60,460,158) (2022 - $3,510,942 (ZAR 59,593,317)).

For the Summit provision, management of the Company used a pre-tax nominal discount rate of 3.9% in preparing the Company's provision. The undiscounted inflation adjusted liability for the restoration and rehabilitation provision as at December 31, 2023 is $952,077 (2022 - $873,787).

In (U.S. dollars)

14. Income taxes:

A reconciliation between tax expense and the product of accounting income multiplied by the combined federal and Ontario tax rate of 26.50% (2022 - 26.50%) is as follows:

	2023	2022
Accounting (loss) earnings from continuing operations before income tax	(2,149,822)	(1,117,547)
Statutory income tax rate	26.5%	26.5%
Expected income tax (recovery) expense	(569,703)	(296,150)
(Non-taxable)/non-deductible items	45,810	28,070
Differences in foreign income tax rates	2,667	21,010
Change in unrecognised tax benefit	521,226	247,070
Income tax expense/(recovery) from continuing operations	-	-
Income tax expense/(recovery) from discontinued operations	-	-

Net deferred tax assets have not been recognised in respect of the following, because it is not probable that future taxable profits will be available against which the group can use the benefits therefrom:

	2023	2022
Unused tax losses	23,459,355	21,669,867
Un-deducted finance costs	209,488	320,318
	23,668,843	21,990,185

The unused tax losses by jurisdiction are as follows:

	2023	2022
Canada	23,459,355	21,669,867
	23,459,355	21,669,867

The Canadian losses are non-capital losses and expire over the years 2026 to 2042.

Judgement is required in the interpretation or application of certain tax rules when determining the provision for income taxes due to the complexity of tax legislation in the various tax jurisdictions the Company operates. Management evaluates its uncertain tax positions to update for changes to the tax legislation, the results of any tax audits undertaken, the correction of the uncertain tax position through subsequent tax filings, or the expiry of the period for which the position can be reassessed. Through a review of historic tax filings, management has identified a possible exposure which may result in an economic outflow to the Company of an estimated $375,000. Management will strongly defend its position in relation to these matters and follow the appropriate process to support its position. No provision has been included for this exposure.

In (U.S. dollars)

15. Share Capital

(a) Authorized share capital:

As at December 31, 2023, the authorized share capital of the Company consisted of an unlimited number of common shares without par value. All issued shares are fully paid.

(b) Issued share capital:

As at December 31, 2023, 71,273,309 common shares are issued and outstanding.

On October 21, 2022, the Company completed a share consolidation on the basis of one new common share for every five existing common shares (the "Consolidation"). Except as stated otherwise, all common share, stock options, deferred share units, and share purchase warrant numbers referenced are expressed on a post-Consolidation basis, as have any associated common share prices or conversion prices.

(c) Stock options:

The Company has an omnibus equity incentive plan (the "Equity Incentive Plan"), which superseded the Company's existing stock option plan and deferred share unit ("DSU") plan effective May 23, 2022. Under the Equity Incentive Plan, options may be granted to directors, officers, employees and consultants. As at December 31, 2023 options to purchase a maximum of 7,127,330 common shares were issuable under the Equity Incentive Plan, of which 1,283,652 were outstanding and 5,843,678 remained available for issuance. Under the Equity Incentive Plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, officers, employees and consultants. Under the plan, the exercise price and vesting is at the discretion of the Board, with vesting conditions normally being time based over three years, and options can be granted for a maximum term of ten years, with certain restrictions as to limits on amounts granted to insiders, consultants or persons engaged in investor relations activities.

The following is a summary of stock options outstanding as at December 31, 2023 and December 31, 2022 along with changes during the years then ended:

	Number of Options	Weighted Average Exercise Price (CDN$)
Balance December 31, 2021	1,100,000	0.46
Options forfeited	(200,000)	0.45
Options granted	383,652	0.35
Balance December 31, 2022 and 2023[(1)] [(2)]	1,283,652	0.42

(1) The weighted average time to expiration for outstanding options is 1.2 years. The range of exercise prices are C$0.345 to C$0.625.

(2) As at December 31, 2023, 1,283,652 options were exercisable (2022 – 799,326).

In (U.S. dollars)

The Company recognizes share-based compensation expense for all stock options granted using the fair value on grant date as calculated by using the Black Scholes Model. The Company used the following weighted average assumptions for the options granted in the year ended December 31, 2022:

	2022
- Risk free interest rate	4.06%
- Expected volatility	151%
- Expected life	5 years
- Dividend rate	0%

The expected volatility is calculated based on the standard deviation of the Company's historic share price volatility over the expected life of the instrument.

(d) Warrants:

The following is a summary of warrants outstanding as at December 31, 2023 and December 31, 2022 and changes during the years then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN$)
Balance, December 31, 2021 and December 31, 2022	12,615,460	1.48
Warrants expired	(609,720)	1.10
Balance, December 31, 2023	12,005,740	1.50

The following is a summary of the value of the warrants outstanding as at December 31, 2023 and December 31, 2022 and the changes during the years then ended:

	Warrants denominated in a foreign currency
Balance, December 31, 2021	1,139,262
Revaluation	(885,665)
Balance, December 31, 2022	253,597
Revaluation	(253,597)
Balance, December 31, 2023	-

The warrants are measured as Level 2 in the fair value hierarchy; inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Using the Black Scholes Model the warrants issued as part of the private placement were valued on issuance using the following assumptions:

Issue date	May 19, 2021
Warrant value	$5,399,170
Warrants issued	12,005,740
Risk free interest rate	0.53%
Expected volatility	78%
Expected life on issue date	36 months

In (U.S. dollars)

Using the Black Scholes Model the warrants that remained outstanding as part of the private placement were valued at December 31, 2023 using the following assumptions:

Issue date	May 19, 2021
Warrant value	$nil
Warrants outstanding	12,005,740
Risk free interest rate	3.88%
Expected volatility	75%
Expected life at balance date	5 months

(e) Deferred Share Units:

The Company may grant Deferred Share Units ("DSUs") to directors, officers, employees and consultants under the Equity Incentive Plan. As at December 31, 2023, a maximum of 7,127,330 DSUs were issuable under the Equity Incentive Plan, of which 1,434,009 were issued and outstanding as at December 31, 2023 (2022 – 1,434,009). Included in stock-based compensation was $nil in relation to the DSUs (2022 – $10,639). On issuance of the DSUs the fair value is calculated as the quoted share price on the date of grant times the number of DSUs issued. The compensation expense is then recognized over the vesting period of the DSUs. All DSU's were fully vested as at December 31, 2023 and 2022. The Board at its discretion can determine the vesting schedule applicable to an award of DSUs at the time of award.

(f) Earnings (loss) per share:

The calculations of earnings (loss) per share is based on the following data:

	December 31, 2023	**December 31, 2022**
Earnings (loss) attributable to Golconda Shareholders		
- Continuing operations	$ (2,149,822)	$ (1,117,547)
- Discontinued operations	$ -	$ 147,107
Weighted average number of common shares outstanding for purposes of basic earnings per share	71,273,309	71,273,309
Dilutive deferred share units	-	-
Dilutive options	-	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	71,273,309	71,273,309
Earnings (loss) per share		
- Continuing operations – Basic and Diluted	$ (0.03)	$ (0.01)
- Discontinued operations – Basic and Diluted	-	$ 0.00

In the year ended December 31, 2023, 1,283,652 stock options, 12,005,740 warrants, and 1,434,009 deferred share units were excluded from the calculation of continuing operations diluted earnings per share as they were considered anti-dilutive. In the year ended December 31, 2022, 1,283,652 stock options, 12,615,460 warrants, and 1,434,009 deferred share units were excluded from the calculation of continuing operations diluted earnings per share as they were considered anti-dilutive.

In (U.S. dollars)

16. Breakdown of statement of loss and comprehensive loss items:

(a) Mine operating costs

	2023	2022
Mining and processing	6,728,147	8,463,288
Administrative	1,497,860	1,957,422
Total costs	8,226,007	10,420,710
Depreciation and depletion	790,912	1,085,629
	9,016,919	11,506,339

(b) Corporate general and administration

	2023	2022
Professional fees	328,347	678,134
Corporate administration	1,683,061	1,873,048
Share-based compensation	57,867	85,626
	2,069,275	2,636,808

(c) Other (income) / expenses

	2023	2022
Change in ARO estimate	(266,368)	-
Summit pre-start costs	106,343	202,022
Offtake contract termination (net cost)	-	500,000
Other expense	-	135,188
	(160,025)	837,210

(d) Net financing expenses / (income)

	2023	2022
Financing cost on borrowings	872,178	203,192
(Decrease) in value of warrants denominated in foreign currency (Note 15d)	(253,597)	(885,665)
Accretion on restoration and rehabilitation provision	158,793	278,188
	777,374	(404,285)

17. Commitments and Contingencies

(a) Commitments and contingencies

As at December 31, 2023, the Company is committed to payments totalling $228,000 during 2024 for mining equipment at its Galaxy property and a guarantee given by the Company was in place for payment obligations of $158,000 in relation to Galaxy.

In connection with the acquisition of the Summit mine, the Company has a contingent cash payment of $8.2 million due to the vendor upon commencement of production at the mine.

In (U.S. dollars)

(b) Tax assessments

The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No such amounts have been provided for in these financial statements.

18. Related party transactions

On August 13, 2020, the Company entered into loan agreements (the "Executive Loans") with its CEO, COO and CFO (the "Executives") as partial compensation for the services provided by the Executives in 2019. The loans are non-interest bearing, non-recourse loans with a term of three years. Pursuant to the terms of the loan agreements, the Executives used the proceeds of the loans to exercise 4,563,000 common share purchase warrants held by the Executives. The common shares issued to the Executives on exercise of the warrants are held by the Company as security for the outstanding loan balance.

On February 2, 2022, the Company settled C$118,482 of the Executive Loans with certain Executives in exchange for the forfeiture of certain vacation days owing to the Executives.

On September 30, 2023, the maturity of C$60,918 of the Executive Loans were extended to August 13, 2024. The balance of Executive Loans as at December 31, 2023 was C$109,668 (2022 – C$109,668).

The remuneration of directors and other members of key management personnel during the year ended December 31, 2023 is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries	966,217	917,443
Directors fees	294,171	291,538
Share-based compensation(1)	57,867	36,904
	1,318,255	1,245,885

(1) Share-based compensation is the fair value of options and DSUs granted to key management personnel.

In (U.S. dollars)

19. Segmented information

The Company operates in three geographic segments, being the Republic of South Africa, the U.S.A. and Canada. A breakdown of the revenue and total assets by geographic segment is as follows.

As at and for the year ended December 31, 2023:

	Canada	U.S.A.	South Africa	Total
Revenue	-	-	9,366,220	9,366,220
Mine operating costs	-	-	(9,016,919)	(9,016,919)
Other expenses	(2,140,409)	(127,658)	(231,056)	(2,499,123)
Net earnings / (loss) before tax	(2,140,409)	(127,658)	118,245	(2,149,822)
Cash	41,623	0	71,590	113,213
All other assets	69,769	12,079,740	30,105,146	42,254,655
Total assets	111,392	12,079,740	30,176,736	42,367,868
Additions to non-current assets	-	-	1,349,647	1,349,647
Total liabilities	2,330,590	703,210	8,078,519	11,112,319

As at and for the year ended December 31, 2022:

	Canada	U.S.A.	South Africa	Botswana (Discont. operation)	Total
Revenue	-	-	13,168,143	9,842,724	23,010,867
Mine operating costs	-	-	(11,506,339)	(8,690,347)	(20,196,686)
Other expenses	(2,191,651)	(222,666)	(365,034)	(1,005,270)	(3,784,621)
Net earnings / (loss) before tax	(2,191,651)	(222,666)	1,296,770	147,107	(970,440)
Cash	632,132	-	6,901	-	639,033
All other assets	41,427	12,054,617	29,884,276	-	41,980,320
Total assets	673,559	12,054,617	29,891,177	-	42,619,353
Additions to non-current assets	-	-	1,533,583	-	1,533,583
Total liabilities	1,338,048	656,773	7,277,028	-	9,271,849

In the year ended December 31, 2023 the Company had a single customer that contributed to more than 10% of revenue (year ended December 31, 2022 the Company had two customers that contributed to more than 10% of revenue).

In (U.S. dollars)

20. Supplementary cashflow information

The following table details changes in the Company's liabilities arising from financing activities:

	Borrowings	
	Year ended December 31, 2023	Year ended December 31, 2022
As at January 1, 2023	3,025,094	2,152,532
Financing cash flows		
Loans	1,000,000	2,970,000
Repayments	-	(2,177,532)
Interest paid	(350,438)	(178,097)
Other changes		
Finance cost	872,178	203,192
Fees	-	54,999
As at December 31, 2023	4,546,834	3,025,094

$113,361 was also paid in the year ended December 31, 2022 in relation to a net proceeds payment associated with the Barak Facility (Note 12).

21. Subsequent events

On February 27, 2024, the Company closed the US$5 million stream transaction relating to its Galaxy project in South Africa with Empress Royalty Holding Corp. ("Empress"), (the "Agreement"). Pursuant to the terms of the Agreement, Empress has made an up-front cash payment totalling US$5 million (the "Investment") for payable gold produced from the Galaxy mine. The Investment is based on 3.5% of the payable gold production from the Galaxy mine for an initial 8,000 payable ounces; thereafter, the percentage will reduce to 2.0% of the payable gold production until the earlier of: (i) 20,000 ounces having been paid to Empress; or (ii) 20 years after the first payment was made. The purchase price for the payable gold delivered pursuant to the Agreement is 20% of the gold spot price.

On March 30, 2024, the Company extended the maturity of the short-term loan note outstanding from September 30, 2024 to March 29, 2025 (see Note 12).