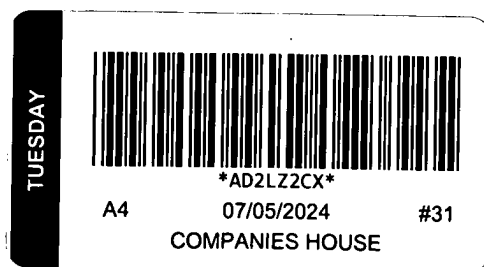




**MERIDIAN MINING UK Societas**  
(Expressed in United States Dollars)  
**Annual report and financial statements**  
Registered number SE000111  
December 31, 2023



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# Strategic Report

## Description of Business

Meridian Mining UK Societas (the “Company” or “Meridian”) was formed in Amsterdam, Netherlands on December 16, 2013. Effective August 15, 2017, the Company transferred its official seat from the Netherlands to London, United Kingdom. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol MNO. The Company is currently engaged in the exploration and development of mineral deposits in Brazil, through its subsidiaries (together the “Group”), Rio Cabaçal Mineração Ltda (“Rio Cabaçal”) and Meridian Mineração Jaburi S.A. (“Jaburi”). The Company’s head office is located at 8th Floor, 4 More London Riverside, London, SE1 2AU, United Kingdom.

## Business Overview

Meridian is a resource development and mining exploration company with projects in Brazil. The Company signed a Purchase Agreement on November 6, 2020, to acquire the rights to the Cabaçal copper (“Cu”) – gold (“Au”) project (“Cabaçal”), in the state of Mato Grosso, Brazil. The Company has separately secured additional licences across the Project’s Volcanogenic Massive Sulphide (“VMS”) belt, and in the parallel Jaurú and Araputanga greenstone belts to the west of Cabaçal. The Company also has three projects in the State of Rondônia: Espigão Cu-Au polymetallic (“Espigão”), Mirante da Serra Cu-Au (“Mirante da Serra”), and Ariquemes tin; together (“the Portfolio”).

## Strategy

Meridian’s vision is to create sustainable value for its stakeholders by discovering and developing high quality resource assets. The Company is committed to being a responsible steward of the environment and building collaborative partnerships with communities, governments, and all other stakeholders for mutual success.

The Company’s long-term focus is on the resource development and exploration of Cabaçal while continuing to advance the Espigão project.

## Group Outlook

Our priorities are to focus on the copper-gold (“Cu–Au”) potential of the Portfolio, with a focus on resource development and exploration at Cabaçal.

In March 2023, the Company published a Preliminary Economic Assessment on the Cabaçal deposit. The Company plans to continue drilling at Cabaçal to update the Mineral Resource Estimate for Cabaçal, to advance related engineering and economic studies, and to continue exploration programs to test the numerous regional targets for new discoveries in the belt. The Company also plans to advance geotechnical and environmental studies at Cabaçal to position for future development scenarios.

The Company is conducting a resource development program at the Santa Helena deposit with the plan to publish an updated Mineral Resource Estimate. It will initiate a metallurgical program for Santa Helena based on the historical data but with the inclusion of a gravity circuit for the recovery of any free gold mineralization.

Regional exploration at Cabaçal is planned to progressively cover over 50km of strike of the prospective belt that is held by the Company under licence or licence application. The aim is to identify additional copper and gold systems for follow up drilling.

The Company has also initiated geophysical programs at its Espigão polymetallic project to develop Iron Oxide Copper Gold (“IOCG”) targets at depth beneath extensive surface geochemical anomalies.

The Company will continue to develop its Executive Management and Brazilian teams to meet business needs for the continual growth of the principal asset of Cabaçal.

## Performance Review

The review should be read in conjunction with the audited financial statements and notes.

The Board assesses the performance of the Company and its senior management by evaluating, on a quarterly basis, the level of cash holdings of the Company, management of costs, and capital expenditures.

All amounts are in United States (“US”) dollars and all units of measurement are expressed using the metric system, unless otherwise stated. References to “\$”, “US\$” or “dollars” are to US dollars, and references to “C\$” are to Canadian dollars.

## Financial key performance indicators

### Financial Performance highlights

#### *Results of Operations*

The consolidated financial statements reflect the financial performance of the Group for the year ended December 31, 2023. During year ended December 31, 2023, the Group incurred a total comprehensive loss of \$11,515,017 as compared to a total comprehensive income of \$1,017,586 for the year ended December 31, 2022.

Operating expenses totaled \$12,353,410 for the year ended December 31, 2023, compared to \$9,193,524 for the year ended December 31, 2022. The main events that had a significant impact on the expenses for the Company were the increase in activities associated with the exploration programs at Cabaçal in 2023 that increased year over year.

Operating expenses with significant balances or significant movements include:

- Exploration and evaluation expenses increased to \$6,626,328 (2022- \$5,159,208). The variance was primarily due to the three drilling rigs, operating with additional shifts, increasing all the associated costs related to the standard drilling program. In the three months period ended December 31, 2023, an additional rig was engaged for a program at Santa Helena to confirm and expand of the historic VMS resource. The costs of hydrological works as part of the environmental studies, and payroll costs in Brazil contributed also to the increase.
- General and administration expenses decreased to \$2,717,988 (2022 - \$2,738,654). The variance was mainly driven by changes in management and directors’ fees and changes in fees and salaries by certain executives including the promotion of one employee to the executive team in 2023 causing a reduction in payroll expenses, offset by a decrease in other general and administrative expenses such as TSX graduation cost occurred in 2022.
- Professional fees increased to \$925,280 (2022 - \$790,575). The variance was mainly related to professional fees incurred in connection with the preparation of the short form base shelf prospectus, the costs associated with the UK audit of the financial statements, certain strategic advisory services, and legal fees associated with corporate matters in 2023.
- Share based compensation of \$1,886,207 (2022 – \$242,421). Variance related to the number of stock options granted in 2023 (10,390,136) compared to the number granted in 2022 (565,000).
- Foreign exchange gain of \$231,166 (2022 – a loss of \$298,059). The foreign exchange gain increased due to the fluctuation of exchange rates during the year ended December 31, 2023 compared to the the same period in 2022.

The results for the year ended December 31, 2023, included other comprehensive loss of \$470,842 (2022 – \$217,478) comprised of foreign currency translation, which are related primarily to the translation of the Company’s Brazilian operation.

A detailed breakdown of exploration and evaluation expenses for the period presented is provided in the notes to the consolidated financial statements.

## Non-financial key performance indicators

The Board establishes targets to maintain and improve the operational performance of the Group. These targets primarily focus on exploration and development of mineral properties, environment and corporate structure, areas which the Board considers important for the short and long-term success of the Group and its operations.

### Exploration Highlights

The Company has undertaken the following general exploration activities during 2023 with the focus on Cabaçal, including the Santa Helena exploration target (“Santa Helena”):

- Surface geochemical surveys (1,488 soil samples; 147 rock chip samples);
- Surface and down-hole geophysics:
  - 10 down-hole electromagnetic (“BHEM”) surveys;
  - 17-line kilometres of surface Fixed Loop Transient ElectroMagnetic surveys (“FLTEM”);
  - 2 kilometres of surface dipole-dipole lines Induced polarization surveys (“DDIP”);
  - 26 Line kilometres of Gradient Matrix Induced Polarization Surveys (“GAIP”);
  - 18 kilometres of Mise a la Masse Surveys (“MALM”); and
  - 611 gravity stations.
- Continued the digital data compilation, with compilation of data from scanned historical reports;
- 17 trenches for 849m, with 823 samples for laboratory multielement analysis;
- 12 hydrogeological holes for 981m, with 570 percussion chip samples sent for laboratory multielement analysis;
- 25 auger holes for 122m, with 78 samples for laboratory multielement analysis; and
- Ongoing resource development and exploration drilling. 209 holes were completed during the year for 18,916m, with 24,373 core samples for laboratory multielement analysis.

On March 6, 2023, the Company announced the results of the Preliminary Economic Assessment (“PEA”) led by Ausenco Engineering Canada Inc. (“Ausenco”) for Cabaçal. The highlights were:

- Base case after-tax NPV5 of \$573M and 58.4% IRR using \$1,650/oz gold, \$3.59/lb copper, and \$21.35/oz silver;
- Spot case after-tax NPV5 of \$745M and 69.7% IRR using \$1,841/oz gold, \$4.13/lb copper, and \$21.35/oz silver (Spot prices on London close on 1<sup>st</sup> March, 2023);
- High-grade year 1 mill feed of 2.3 g/t gold and 0.29% copper which generates high after-tax first year free cash flow of \$204M, leading to capital repayment in 10.6 months;
- Average grade of 0.64 g/t gold and 0.31% copper over the life of mine – which demonstrates the efficiency of the flowsheet in recovering the gold, copper and silver;
- Average annual gold equivalent production of 131,100 ounces at AISC of \$670.70/oz AuEq2 for years 1-5, Total LOM (22.3 years) production of 1.02M ounces gold, 353 Mlbs of copper and 1.76M ounces of silver;
- Pre-production CAPEX of \$179.6M;
- Low life-of-mine strip ratio of 2.1:1;
- After tax NPV5:CAPEX Ratio of 3.2:1; and
- Significant potential for future economic optimization and project upside remains through engineering optimizations, increased throughput and additional resources that could be identified through the ongoing drill programs.

The PEA for Cabaçal is preliminary in nature, includes inferred resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty the PEA will be realized. For additional details on Cabaçal preliminary economic assessment, please refer to the news release dated March 6, 2023, and the NI 43-101 technical report filed on March 31, 2023.

The Company continued to drill strong zones of mineralization in the lead up to and following the effective date of the PEA publication. Some examples of intersection returned at Cabaçal include:

- CD-210: 26.8m @ 1.6g/t AuEq from 72.7m, including 4.5m @ 5.3g/t AuEq from 95.0m;
- CD-211: 25.0m @ 1.2 g/t AuEq from 37.0m, including 2.6m @ 7.9g/t AuEq from 41.0m;
- CD-216: 35.1m @ 1.0g/t AuEq from 47.1m, including 3.3m @ 7.6g/t AuEq from 78.8m;
- CD-228: 61.3m @ 1.2g/t AuEq from 10.8m; including 15.6m @ 3.0g/t AuEq from 51.5m;
- CD-230: 56.7m @ 0.9g/t AuEq from 15.1m; including 18.5m @ 2.0g/t AuEq from 44.7m;
- CD-240: 34.5m @ 7.9g/t AuEq from 125.35m, including 12.8m @ 19.0g/t AuEq from m 129.9m;
- CD-248: 15.1m @ 2.5g/t AuEq from 44.7m; and
- CD-264: 12.6m @ 15.5g/t AuEq from 43.3m.

The Company has also continued with more regional exploration and evaluation programs through 2023, with the objective of preparing a new generation of areas for future exploration and resource development.

The highly prospective Álamo exploration licence was renewed for its second term of exploration. Álamo hosts multiple open copper-gold soil geochemical targets, VTEM anomalies, and large alteration systems.

Historical data compilation revealed a significant stream copper anomaly on an exploration licence application to the south, that the Company has termed "Alvorada". Its peak copper-in-stream threshold value of 164ppm Cu surpasses the original copper anomalies of Cabaçal (56ppm Cu) and Santa Helena (36ppm Cu). With BP Minerals' 1980's exploration focus on gold, and Alvorada having no associated gold anomaly, it was not followed up at the time despite its high copper content.

At Santa Helena, in advance of initiating an exploratory and resource definition drill program, the Company undertook data compilation, topographic surveys, surface geophysics (electromagnetic and induced polarization surveys), generating near mine and extensional targets. Resampling of historical core as part of the data validation program confirmed the character of the Cu-Au-Ag-Zn results at shallow depths (e.g. JUCHD-032: 5.6m @ 3.4% Cu, 3.0g/t Au, 82.6g/t Ag, and 7.6% Zn from 38.4m). New drill results from the Company's program have included:

- CD-311: 19.1m @ 1.9g/t AuEq from 8.0m; including 4.9m @ 6.8g/t AuEq from 22.2m;
- CD-321: 23.1m @ 1.5 g/t AuEq from 6.1m. including 3.6m @ 4.9 g/t AuEq from 10.0m;
- CD-325: 14.9m @ 4.6g/t AuEq from 26.3m; including 6.7m @ 6.4g/t AuEq from 27.5m;
- CD-329: 6.8m @ 7.4g/t AuEq from 38.7m;
- CD-332: 5.8m @ 6.8g/t AuEq from 32.2m;
- CD-335: 7.2m @ 6.0g/t AuEq from 35.5m;
- CD-336: 30.7m @ 1.1g/t AuEq from 6.0m, including 5.7m @ 2.2g/t AuEq from 7.0m;
- CD-351: 11.7m @ 2.0 g/t AuEq from 27.0m;
- CD-359: 36.6m @ 1.3g/t AuEq from 13.0m; and
- CD-378: 5.9m @ 5.5g/t AuEq from 38.3m.

On August 8, 2023, the Company announced that the geological team was strengthened with the appointment of a Chief Geologist, Mr Erich Marques, adding extra resources to the geological management team to realize Cabaçal's exploration and development potential.

On December 5, 2023, the Company announced that it had assessed the geological potential of the Santa Helena area based on new and historical data, generating an initial exploration target with a tonnage range of 3.2 –7.2 Mt grading between 3.0 - 3.2g/t AuEq, which gives a potential metal inventory range of between 306,000 to 763,000 AuEq ounces, located within 10km of the proposed Cabaçal mill site. The Company selected reported mineralization as gold equivalent based on an expectation that Santa Helena would likely be processed through a potential milling facility at Cabaçal, subject to future studies. The estimated potential quantity of tonnes and grades are conceptual in nature as there has been insufficient data and evaluation to support estimation of a Mineral Resource. Tonnages and grades are expressed as ranges that are considered appropriate for the Exploration Target.

Please refer to the news releases for more information, including metal equivalent calculation formulas for Cabaçal and Santa Helena. For the Santa Helena Exploration Target, the estimated potential quantity of tonnes and grades are conceptual in nature as there has been insufficient data and evaluation to support estimation of a Mineral Resource. Tonnages and grades are expressed as ranges that are considered appropriate for the Exploration Target. There is no certainty that further exploration, verification drilling, or twinned drilling will result in the estimation of a Mineral Resource. The Santa Helena Exploration Target is not to be considered in any way to represent a Mineral Resource or Ore Reserve.

### Environmental Highlights

Rehabilitation programs continued at Espigão do Oeste with 4 areas under monitoring from prior manganese operations.

### Corporate Highlights

- On May 2, 2023, the Company closed a bought deal offering through the issuance of 36,800,000 common shares at a price of C\$0.50 per common share for aggregate gross proceeds to the Company of \$13,520,717 (C\$18,400,000). The Company also issued 1,677,000 share purchase options (the “Agent Compensation Options”). Each Agent Compensation Options entitles the holder to purchase one Common Share at a price of C\$0.50 per Common Share until May 2, 2025.
- On May 11, 2023, the Company announced that its common shares started trading on the OTCQX® Best Market (the “OTCQX”) under the symbol “MRRDF”, having graduated from the OTCQB® Venture Market. The Company’s common shares continue to trade on the Toronto Stock Exchange under the symbol “MNO”.
- On June 28, 2023, the Company announced that prior to the 2023 Annual General Meeting, Mr. Charles Riopel removed his name for consideration for election as a Director of the Company and the resolution concerning his re-election was withdrawn as a result.
- On June 30, 2023, the Company completed the fourth instalment (the “Fourth Payment”) payment pursuant to the terms of the Purchase Agreement for the acquisition of the rights to Cabaçal. Pursuant to the Agreement, the Vendors of Cabaçal elected to receive 1,000,000 common shares of the Company in lieu of a cash payment of C\$300,000 for the Fourth Payment. In accordance with the applicable securities regulations and policies of the Toronto Stock Exchange, the common shares issued to Vendors pursuant to the Agreement are subject to a statutory four month and a day hold period.
- On July 13, 2023, the Company announced the appointment of Mr. Douglas E. Ford as a new independent director to the Board of Directors (the “Board”), with immediate effect. Mr. Ford, who is considered independent within the meaning of National Instrument 52-110, has also been appointed as Chairman of the Audit Committee of the Board, as a member of the Compensation Committee of the Board and as a member of the Corporate Governance and Nominating Committee of the Board.
- On September 6, 2023, the Company announced the leadership updates including Mr. Gilbert Clark agreeing to take on the Chief Executive Officer role; Dr. Adrian McArthur, a non-independent director of the Company, has been re-appointed as President; Mr. Martin McFarlane is now Senior Vice President Strategy and Projects; and Ms. Susanne Sesselmann, an independent director of the Company, agreed to act as Interim Independent Chair of the Board following unanimous Board support. On October 27, 2023, Mrs. Sesselmann stepped down from her role as Interim Independent Chair of the Board with the appointment of Mr. Bruce McLeod as the new Independent Chair of the Board.
- On October 4, 2023, the Company announced that it commenced a corporate review to identify, examine and consider opportunities related to its non-core exploration portfolio. The portfolio of projects under review consists of the Espigão polymetallic project, the Ariqueles tin project, and the Mirante da Serra Manganese project, all in the State of Rondônia, Brazil. The objective of the review is to create a pathway forward for these prospective exploration projects.
- On October 10, 2023, the Company announced the appointment of Mr. Neil Gregson as a new independent director to the Board of Directors. The Company also announced that effective October 6, 2023, the Company’s ISIN has changed to GB00BR3SVZ18. Concurrently, the Company’s CUSIP has also changed to G60187 138.
- During the year ended December 31, 2023, the Company granted 10,390,136 stock options to directors, officers, employees, advisors, and consultants of the Company that vested immediately with an exercise price ranging from C\$0.35 to C\$0.50 per common share for a term of five years.

## Liquidity and Capital Management

As of December 31, 2023, the Group reported a working capital of \$5,079,419 (December 31, 2022 – \$2,879,979) which included cash of \$7,095,927 (December 31, 2022 - \$6,174,891) and prepaid expenses and other assets of \$385,818 (December 31, 2022 - \$216,403). Included in current liabilities on December 31, 2023 are accounts payable and accrued liabilities of \$1,854,349 (December 31, 2022 - \$2,868,177), provisions of \$363,330 (December 31, 2022 - \$349,606) and taxes and fees payable of \$184,647 (December 31, 2022 - \$293,532).

On May 2, 2023, the Company closed a bought deal offering through the issuance of 36,800,000 common shares at a subscription price of C\$0.50 per common share, for aggregate gross proceeds to the Company of \$13,520,717 (C\$18,400,000). The Company paid agent's cash commission totalling \$616,146 (C\$838,500) and issued 1,677,000 agent's compensation options, valued at \$264,153 (C\$358,912). Each agent's compensation option is exercisable for one common share at an exercise price of C\$0.50, expiring May 2, 2025. The Company incurred other share issuance costs of \$299,728 on this offering. Total transactions costs incurred and allocated to share premium were \$1,180,026.

On April 9, 2024, the Company closed a bought deal offering through the issuance of 57,500,000 common shares at a price of C\$0.35 per common share for aggregate gross proceeds to the Company of C\$20,125,000. The Company also issued 2,101,628 share purchase options (the "Agent Compensation Options"). Each Agent Compensation Options entitles the holder to purchase one Common Share at a price of C\$0.35 per Common Share until April 9, 2026.

The capital structure of the Company consists of equity attributable to common shareholders, comprising of share capital, share premium, reserves and deficits and the convertible note. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company has historically relied upon capital contributions and debt facilities provided by its shareholders, to maintain an adequate level of cash to satisfy its capital and operating requirements. As of December 31, 2023, the Company does not have any other sources of funding. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

To continue as a going concern, the Company will need to secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing, including financing from its majority shareholder, will be available. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they become due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

### *Contractual Obligations*

As at December 31, 2023, contractual obligations from continuing operations are as follows:

	Less than 1 year \$	Less than 2 years \$	2 years or greater \$	Total \$
Accounts payable and accrued liabilities	1,854,349	-	-	1,854,349
Provisions	363,330	20,146	-	383,476
Taxes and fees payable	184,647	9,735	-	194,382
	<u>2,402,326</u>	<u>29,881</u>	-	<u>2,432,207</u>

### **Risk Factors**

Companies in the exploration, development and mining stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practicability, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Significant risk factors have been identified by the Company and are listed below. Further discussion and additional risk factors are also available in the Company's most recent Annual Information Form, as filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)

Risks and uncertainties the Company considers material in assessing its consolidated financial statements are described below.

*Meridian will require additional funding*

As at December 31, 2023 the Group had positive working capital of \$5,079,419 which included cash of \$7,095,927, prepaid expenses and other assets of \$385,818 and accounts payable and accrued liabilities, taxes and fees payable, and provisions of \$2,402,326.

The Company has historically relied upon both equity and shareholder contributions, loan facilities and private placements to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. The Company will require additional capital to carry out planned exploration programs. There can be no assurances that the Company will be successful in raising the desired level of financing.

*Mitigation*

The Company maintains strong relationships with shareholders and has ongoing investor relations programs targeting existing and potential investors. The Company graduated to OTCQX® Best Market (the “OTCQX”) under the symbol “MRRDF”, having graduated from the OTCQB® Venture Market on May 11, 2023. The Company’s common shares continue to trade on the Toronto Stock Exchange (the “TSX”) under the symbol “MNO”. As a result of the graduation and the fact of being traded TSX, the Company becomes more accessible, with stable liquidity to a broader range of investors.

*Meridian is subject to government regulation*

The Group’s mineral activities, including exploration, development and mining activities are subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil, administrative, environmental, or criminal fines, penalties, or enforcement actions, including orders issued by regulatory authorities curtailing the Company’s operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development, or mining operations.

*Mitigation*

The Group maintains collaborative and proactive dialogue with the relevant government departments and adheres to the required permitting process and title requirements. The Group engages personnel and consultants experienced in the various aspects of the licensing and permitting process to ensure that it maintains compliance with applicable laws and regulations.

*Exploration, development and mining activities can be hazardous and involve a high degree of risk*

The Group’s operations are subject to all the hazards and risks normally encountered in the exploration, development and mining industry, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

*Mitigation*

The Group employs experienced and trained personnel to ensure effective day-to-day management of its activities. It has stringent health and safety policies in place, regular health and safety briefings and inspections, including ongoing health and safety mandatory trainings for its team.

*Meridian may be adversely affected by fluctuations in copper, gold, and other metal prices*

The value and price of the Company's common shares, the Group's financial results, and exploration, development, and mining activities of the Group, if any, may be significantly adversely affected by declines in commodity prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

*Mitigation*

The Board and senior management closely monitor commodity prices and other events that may influence commodity prices in order to assess how these changes could affect the Company's ability to raise funds and adjusts it is exploration programs accordingly to preserve cash to reflect its ability to finance the Company.

*Meridian does not and likely will not insure against all risks*

The Group's insurance will not cover all the potential risks associated with a mining company's operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental damages, pollution, or other hazards as a result of the exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. The Group might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Meridian to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

*Mitigation*

The areas affected in the previous manganese operations and exploration areas according to the best environmental practices are in the final stages of the rehabilitation, complying with applicable laws and regulations.

*Meridian is dependent on key personnel*

The Group's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Group. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Group.

*Mitigation*

The Board and senior management assess periodically the levels of compensation to ensure that they are competitive and motivating to attract, hold and inspire senior management and key personnel.

*Meridian's officers and directors may have potential conflicts of interest*

Meridian's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

*Mitigation*

Applicable laws require the Directors and Officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of Directors, to refrain from participating in the relevant decision in certain circumstances.

### *Operations in Brazil and Regulatory Requirements*

The Group's principal properties are located in Brazil and mineral exploration and mining activities may be affected in varying degrees by changes in political, social, and financial stability, inflation and changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political, social, or financial conditions are beyond the control of the Group and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, and mine safety. Brazil's status as a developing country may make it more difficult for the group to obtain any financing required for the exploration and development of its properties due to real or perceived increased investment risk. Since January 1996, there are no restrictions on the repatriation from Brazil on the earnings of foreign entities, provided that the foreign investments are duly registered before the Central Bank of Brazil. Capital investments registered with the Central Bank in Brazil may similarly be repatriated. The only restrictions to repatriation on the earnings/dividends of foreign entities deriving from Brazilian invested companies are in the cases of subscribed capital not fully paid in by the foreign investor, or in case the Brazilian invested company has accumulated losses registered in its balance sheet. In any case, there can be no assurance that restrictions on repatriation of earnings and capital investments from Brazil will not be imposed in the future.

### *Mitigation*

The Board and senior management monitors closely the political and economic scenarios in Brazil in order to act accordingly in an event that could impact the continuity of the Group's operation or the return of its investments in Brazil. The Group also retains personnel, consultants, and advisors with extensive knowledge of Brazil.

### *Permits, licenses and approvals*

In Brazil where the Group carries out exploration activities, the mineral rights, or certain portions of them are owned by the relevant governments. These governments have entered into contracts with the Group's Brazilian subsidiaries or granted permits or concessions that allow it to carry out operations or development and exploration activities there, but government policy could change. Any change that affects the Group's rights to conduct these activities could have a material and adverse effect on the Group.

In addition, mineral exploration and mining activities can only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. The duration and success of each permitting effort are contingent upon many factors we do not control. In the case of foreign operations, government approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There may be delays in the review process. There is no guarantee that we will be granted the necessary permits and licenses, that they will be renewed, or that we will be in a position to comply with all conditions that are imposed.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that the Group will be granted these at all, or in a timely manner. If it does not receive them for its mineral projects or is unable to maintain them, it could have a material and adverse effect on the Group.

### *Mitigation*

The Group maintains collaborative and proactive dialogue with the relevant government departments and adheres to the required permitting process and title requirements. The Group engages personnel, consultants and legal advisors experienced in the various aspects of the licensing and permitting process to ensure that it maintains compliance with applicable laws and regulations.

### *Risks Inherent in Acquisitions*

The Group may actively pursue the acquisition of exploration, development, and production assets consistent with its acquisition and growth strategy. From time to time, the Group may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to: accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates; ability to achieve identified and anticipated operating and financial synergies; unanticipated costs; diversion of management attention from existing business; potential loss of the Group's key employees or key employees of any business acquired; unanticipated changes in business, industry

or general economic conditions that affect the assumptions underlying the acquisition; and decline in the value of acquired properties, companies or securities. Additionally, the legal form of these acquisitions may result in the Group becoming liable for the historical operations of the acquisition.

To acquire properties and companies, the Group may be required to use available cash, incur debt, issue additional Common Shares or other securities, or a combination of any one or more of these. This could affect the Group's future flexibility and ability to raise capital, to explore, develop and operate its properties and could dilute existing shareholders and decrease the trading price of the Common Shares. There is no assurance that when evaluating a possible acquisition, the Group will correctly identify and manage the risks and costs inherent in the business to be acquired. There may be no right for the Group shareholders to evaluate the merits or risks of any future acquisition undertaken by the Group, except as required by applicable laws and regulations.

#### *Mitigation*

After identifying a potential asset for acquisition that is aligned with the Group's goals, the Group will assign experienced personnel to assess the technical potential of the asset and retain legal counsel to conduct a due diligence in the acquisition target before reaching a decision.

## **Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006**

The Directors of Meridian, in line with their duties under section 172 of the Companies Act 2006, consider, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members and stakeholders in the decisions that it has taken during the year ended December 31, 2023.

Through working collaboratively with management and having an open and transparent dialogue with the Company's many stakeholders, the Board believes that Meridian has been able to develop a clear understanding of their needs, assess their perspectives and is well positioned to promote the success of the Company. Meridian's strategy is outlined in the Strategic Report, section Strategy (page 3).

As part of the Board's decision-making process, the Directors consider the potential impact of decisions on relevant stakeholders, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. The Board of Directors has considered the following matters, amongst others:

### *Availability and need for capital whether in the form of equity, debt or other sources of financing*

The Company has historically relied upon capital contributions and debt facilities provided by its shareholders, to maintain an adequate level of cash to satisfy its capital and operating requirements.

During the year ended December 31, 2023, the Company received proceeds from the bought deal offering net of costs of \$12,604,844 and proceeds of \$102,589 related to exercise of stock options in the year ended December 31, 2023, compared to \$6,609,320 related to the exercise of warrants, stock options, agent's compensation options and agent's compensation options warrants in the same period in 2022.

The Company will need to secure new funding to advance the development of its Portfolio. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing, will be available.

### *Increase long-term value for shareholders*

Meridian's vision is to create sustainable value for its stakeholders by discovering and developing high quality resource assets. The Company is committed to being a responsible steward of the environment and building collaborative partnerships with communities, governments, and all other stakeholders for mutual success.

With a long-term perspective, our primary focus revolves around the exploration and resource development of Cabaçal. This project holds potential and represents a significant opportunity for Meridian. The Company is committed to advancing Cabaçal diligently, leveraging the Group's expertise and resources to unlock its full value.

In addition to our commitment to Cabaçal, we are also progressing the Group's other copper-gold (Cu-Au) projects. By continuously advancing these projects, we aim to expand our resource base and diversify our operations, creating a robust portfolio that strengthens the Company's position in the market.

The Group long-term focus is on the exploration and resource development of Cabaçal while continuing to advance the other Cu-Au projects.

### *The impact of the Group's operations on the community and the environment*

Given the nature of the Group's business, the Board places significant value on these relationships and the Group's operating and development plans are specifically designed to build upon them.

Some of the actions adopted:

- Environmental and community relationships are managed directly by employees, residents in Mato Grosso and Rondônia states;
- Professional compensation packages for landowners impacted by the Group's activities are agreed to in advance;
- Safety and environmental improvements are continuously monitored and upgraded;
- Investment in road infrastructure and the installation of safety signs for external and internal accesses to the projects' access areas; and
- Partnership with Mato Grosso Federal University to provide field experience for its students.

The Group has implemented an improved rehabilitation process whereby rehabilitation is incorporated into the exploration activities sequence providing lower operational costs and a more rapid return of impacted land back to the owners with enhanced land values.

The Environmental, Health and Safety Policy has been adopted to affirm the Group's commitment to protecting the environment as well as the health and safety of its directors, officers, employees and consultants and the communities in which the Company conducts its activities. Pursuant to the Environmental, Health and Safety Policy, management, under the Board's supervision, will ensure that environmental, health and safety policies, programs, and performance standards are an integral part of our planning and decision-making. The Company's directors, officers, employees and consultants are responsible and accountable for compliance and have an obligation to bring issues forward to management for resolution. The full text of the Environmental, Health and Safety Policy is available for download on the Company's website at [www.meridianmining.co](http://www.meridianmining.co)

#### *Employee Interests: A Commitment to Satisfaction, Development, and Well-being*

The Directors recognise that Meridian employees are key to its success and to the delivery of the Group's strategic ambitions. The success of the Group's business depends on attracting, retaining, and motivating employees. The Group seeks to remain a responsible employer regarding pay and benefits, whilst health, safety and well-being of our employees is one of the primary considerations, how we undertake our business.

The Company has a Compensation Committee that consists of Messrs. Bruce McLeod (Chair), Douglas E. Ford and Mrs. Susanne Sesselmann, all of whom are independent Directors. The Compensation Committee implemented a written charter which was last reviewed on November 28, 2023. A copy of the charter is available on the Company's website at [www.meridianmining.co](http://www.meridianmining.co). The Compensation Committee's responsibilities are, among others:

- reviewing the Company's overall compensation philosophy;
- addressing matters related to compensation of the Chief Executive Officer (the "CEO");
- making recommendations to the Board with respect to non-CEO and director compensation, incentive-compensation plans and equity-based plans; and
- reviewing executive compensation disclosure before the Company publicly discloses this information.

As at December 31, 2023, the balance of the stock options outstanding to directors, employees and consultants was 21,543,103 options with a weighted-average fair value of C\$0.65 per option. For further details, please refer to note 13.

#### *The need to foster business relationships with suppliers and others*

The specialist nature of its activities, and the location of the Group's operations, limits the diversity of the supplier base that the Group can access. The Board has been involved in decisions regarding the selection of suppliers and contractors for material capital and operational expenditures, balancing a desire to support local business and to avoid becoming overly reliant on any single supplier.

#### *Maintenance of standards of business conduct*

The Board has a role in ensuring that a business is sustainable in the long term. The Board places significant importance on operating to the highest ethical standards, whether this be in relations to government, suppliers, shareholders or employees.

The Board adopted a Code of Business Conduct and Ethics on December 21, 2016, which was last updated on February 13, 2024. The Company's Code of Business Conduct and Ethics affirms the Group's commitment to uphold high moral and ethical principles and specifies the basic norms of behaviour for those conducting business on its behalf. While the Group's business practices must be consistent with the business and social practices of the communities in which the Group operates, the Group believes that honesty is the essential standard of integrity in any locale. Thus, though local customs may vary, the Group's activities are to be based on honesty, integrity and respect. The Group's Code of Business Conduct and Ethics is posted on the Company's website at [www.meridianmining.co](http://www.meridianmining.co). In addition to the Group's Code of Business Conduct and Ethics, each director, officer and employee is expected to comply with relevant corporate and securities laws and, where applicable, the terms of their employment agreements.

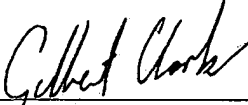
The Corporate Governance Committee monitors the compliance with the Company's Code of Business Conduct and Ethics and also ensures that management encourages and promotes a culture of ethical business conduct.

#### *Key strategic decisions*

The key strategic decisions made by the Board during 2023 were:

- Closed a bought deal offering through the issuance of 36,800,000 common shares at a price of C\$0.50 per common share for aggregate gross proceeds to the Company of C\$18,400,000;
- Changes in the Board of Directors and the senior management team to support the development of the Cabaçal by appointing Mr. Bruce McLeod as the new Independent Chair of the Board, Mr. Douglas E. Ford and Mr. Neil Gregson as new independent directors to the Board of Directors, Mr. Gilbert Clark as the Company's Chief Executive Officer, Mr. Martin McFarlane as the Company's Senior Vice President Strategy and Projects, Mr. James McLucas as the Company's Vice President of Corporate Development, Mr. Charles Riopel removed his name for consideration for re-election as a Director of the Company;
- Engagement of Ausenco Engineering Canada Inc. to lead the Preliminary Economic Assessment ("PEA") for Cabaçal. On March 30, 2023, the Company announced the filing on SEDAR+ of the independent technical report for the PEA entitled "Cabaçal Gold-Copper Project NI 43-101 Technical Report and Preliminary Economic Assessment, Mato Grosso, Brazil"; and
- Approval of the graduation to OTCQX® Best Market (the "OTCQX") under the symbol "MRRDF" from OTCQB. The Company's common shares commenced trading on the OTCQX effective on May 11, 2023.

By order of the Board

  
\_\_\_\_\_  
Mr. Gilbert Clark  
Director

April 30, 2024

## Directors' Report

### Directors

The Directors who held office during the year ended December 31, 2023, and for which this Annual Report has been produced were as follows:

Mr. Bruce McLeod	Mr. John Skinner
Mr. Gilbert Clark	Mr. Douglas Ford
Dr. Adrian McArthur	Mr. Neil Gregson
Ms. Susanne Sesselmann	

### Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs), in conformity with the requirements of the Companies Act 2006 and parent company financial statements, in accordance with International Financial Reporting Standards, (IFRSs) in conformity with the requirements of the Companies Act 2006. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and parent company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs, in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and IFRSs, in conformity with the requirements of the Companies Act 2006 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### Employees, health and safety

The Group is an equal opportunity employer and encourages diversified culture in workplace. Disclosures in respect of how the directors have engaged with employees regarding their interests are included in section "*Employee Interests: A Commitment to Satisfaction, Development, and Well-being*" in the Strategic Report, page 16.

To promote employees' engagements, management regularly holds team meetings to communicate on factors that affect Group's performance. Safety remains one of number one priorities and one of Group's core values.

The Group is always working to continue to improve personal and process safety. All Group's employees and contractors have the responsibility to stop unsafe work and perform tasks under Group's safety rule guide to stay safe.

## Results and dividends

The Group's comprehensive loss for the year amounts to \$11,515,017 (December 31, 2022 – income of \$1,017,586). To date, the Company has never declared or paid cash dividends to its shareholders.

Any future determination relating to Group's dividend policy will be made at the discretion of the Board and will depend on a number of factors including future earnings, capital requirements, contractual restrictions, financial condition and other factors that the Board may deem relevant from time to time.

## Matters referred to in the Strategic Report

Future developments, principal risks and uncertainties and the fostering of the Group's business relationships disclosures required in the Directors' Report are included in the Strategic Report.

## Post balance sheet events

Refer to Subsequent Events (note 21).

## Indemnification of Directors and Officers

During the financial year, the Company purchased directors' and officers' insurance. In general terms, the insurance cover indemnifies individual directors and officers of the Group against certain personal legal liabilities and legal defence costs for claims arising out of actions connected with Group business.

## Independent Auditor

PKF Littlejohn LLP have expressed their willingness to continue as auditor and a resolution to re-appoint PKF Littlejohn LLP will be proposed at the Annual General Meeting.

## Directors' Interests

	Number of shares owned	
	December 31, 2023	December 31, 2022
Adrian McArthur	717,874	717,874
Gilbert Clark	2,198,400	2,136,400
John Skinner	5,081,166	4,955,166
Susanne Sesselmann	137,000	103,500
Bruce McLeod	700,000	-
Douglas Ford	361,000	-
Neil Gregson	12,000	-
Charles Riopel (i)	-	1,329,632
Mark Thompson (i)	-	4,426,600
<b>Total</b>	<b>9,207,440</b>	<b>13,669,172</b>

(i) Mr. Riopel and Mr. Thompson removed their names for consideration for re-election as Directors of the Company in the Annual General Meeting held in June 2023.

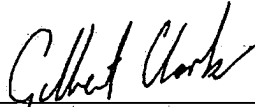
## Going Concern

To continue as a going concern, the Company will need to secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing will be available. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they become due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. This is consistent with the auditor's report, where a material uncertainty over going concern has been noted.

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits and meet the Group’s obligations under various agreements, stability or increases in future commodity prices, and the success of future operations or dispositions of the mineral properties.

By order of the Board



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**Mr. Gilbert Clark**

*Director*

8th Floor, 4 More London Riverside, London, SE1 2AU, United Kingdom

April 30, 2024

## **Independent Auditor's Report to the members of Meridian Mining UK Societas**

### **Opinion**

We have audited the financial statements of Meridian Mining UK Societas (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statements of Cash Flows, the Consolidated Statement of Changes in Equity, the Parent Company Statement of Financial Position, the Parent Company Statement of Cash Flows, the Parent Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's and company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the group and parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1.3 in the consolidated financial statements, which indicates that continued operations of the Group and further exploration and development of its exploration and evaluation assets is dependent on the Group's ability to obtain additional financing and generate profitable operations in the future. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole. We determined the group materiality for the financial statements as a whole to be \$240,000 (2022: \$150,000), whilst the parent company benchmark was set at \$239,999 (2022: \$150,000). Both thresholds were calculated based on 1% of gross assets, as we consider this to be the most relevant benchmark for investors. Performance materiality was set at 70% of materiality for the financial statements being \$168,000 (2022: \$97,500) for the group, and \$167,999 (2022: \$97,500) for the parent company.

The threshold for reporting unadjusted differences to those charged with governance was set at \$12,000 (2022: \$7,500) for the group and \$11,999 (2022: \$7,500) for the parent company. We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<b>Carrying value and assessment of impairment of intangible exploration evaluation assets (note 7)</b>	
<p><b>The carrying value of the Cabaçal Project and Espigão Project within intangible assets comprises the most material asset on the balance sheet at the year-end and is key to the Group’s business activities. There is a risk that the Group’s carrying value of the intangible asset is overstated and an impairment charge is required.</b></p> <p><b>The assessment of the carrying value is subject to management judgement and estimation and as a result this is considered to be a key audit matter.</b></p>	<p>We reviewed and evaluated the impairment assessment prepared by management in relation to the Cabacal and Espigao projects. Our procedures also included an assessment of the exploration and evaluation project with reference to the criteria listed within IFRS 6, to include whether:</p> <ul style="list-style-type: none"> <li>• the group holds good title to the key project licenses;</li> <li>• progress on the project towards construction has been achieved during the year and subsequent to the year-end;</li> <li>• exploration and evaluation work to date indicates that the carrying amount is unlikely to be recovered from further development or sale; and</li> <li>• substantive expenditure on further exploration and evaluation is not budgeted or planned.</li> </ul>

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from, Companies Act 2006, IFRS accounting standards, and the operating terms set out in the mining licenses, as well as local laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of minutes, review of legal or regulatory correspondence and completion of a disclosure checklist.

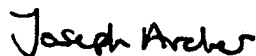
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the posting of unusual journals. The potential for management bias was also identified in relation to the impairment of goodwill. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimates, as described in the 'Key Audit Matters' section of this report.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Joseph Archer**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

1 May 2024

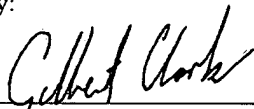
**Consolidated Statement of Profit and Loss and Other Comprehensive Loss**  
*for year ended December 31, 2023*

	<i>Note</i>	<b>2023</b>	<b>2022</b>
		\$	\$
<b>Operating expenses</b>			
Exploration and evaluation expenses	3	6,626,328	5,159,208
General and administration expenses	3	2,717,988	2,738,654
Professional fees		925,280	790,575
Care and maintenance expenses		62,450	96,040
Gain on Sale of property, plant and equipment		(23,939)	(75,313)
Share-based payments	13	1,886,207	242,421
Write down of exploration and evaluation assets	7	-	108,773
Depreciation		175,216	133,166
Impairment of reversal on property, plant and equipment		(16,120)	-
<b>Operating loss</b>		<b>(12,353,410)</b>	<b>(9,193,524)</b>
<b>Finance items</b>			
Mark-to-market revaluation of warrants	13	-	10,447,198
Finance income		194,816	59,517
Finance expense		(58,431)	(73,737)
Foreign exchange		231,166	(298,059)
<b>Net financing income / (expense)</b>		<b>367,551</b>	<b>10,134,919</b>
<b>Income / (loss) for the year before tax</b>		<b>(11,985,859)</b>	<b>941,395</b>
Income tax expense	5	-	(141,287)
<b>Income / (loss) for the year</b>		<b>(11,985,859)</b>	<b>800,108</b>
<b>Other comprehensive income / (loss)</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		470,842	217,478
<b>Total Other Comprehensive income / (loss) for the year, net of income tax</b>		<b>470,842</b>	<b>217,478</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(11,515,017)</b>	<b>1,017,586</b>
<b>Net Income / ( loss) attributable to:</b>			
Equity holders of the parent		(11,985,859)	800,108
Non-controlling interest		-	-
		<b>(11,985,859)</b>	<b>800,108</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Equity holders of the parent		(11,515,017)	1,017,586
Non-controlling interest		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(11,515,017)</b>	<b>1,017,586</b>
<b>Income / (loss) per share (“EPS”) (note 12)</b>			
Basic		\$ (0.05)	\$ 0.00
Diluted		\$ (0.05)	\$ (0.05)
<b>Weighted Average Number of Shares Outstanding (000s)</b>			
Basic		228,903	172,893
Diluted		228,903	192,080

## Consolidated Statement of Financial Position

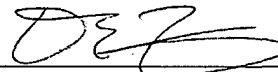
	<i>Note</i>	December 31, 2023 \$	December 31, 2022 \$
<b>Non-current assets</b>			
Property, plant and equipment	6	949,962	841,367
Exploration and evaluation assets	7	9,019,501	8,020,634
<b>Total non-current assets</b>		<b>9,969,463</b>	<b>8,862,001</b>
<b>Current assets</b>			
Cash and cash equivalents		7,095,927	6,174,891
Prepaid expenses and other assets	8	385,818	216,403
<b>Total current assets</b>		<b>7,481,745</b>	<b>6,391,294</b>
<b>Total assets</b>		<b>17,451,208</b>	<b>15,253,295</b>
<b>Current liabilities</b>			
Trade and other payables	9	1,854,349	2,868,177
Provisions	10	363,330	349,606
Taxes and fees payable	11	184,647	293,532
<b>Total current liabilities</b>		<b>2,402,326</b>	<b>3,511,315</b>
<b>Non-current liabilities</b>			
Provisions	10	\$ 20,146	\$ 61,900
Taxes and fees payable	11	9,735	56,668
<b>Total non-current liabilities</b>		<b>29,881</b>	<b>118,568</b>
<b>Total liabilities</b>		<b>2,432,207</b>	<b>3,629,883</b>
<b>Net assets</b>		<b>15,019,001</b>	<b>11,623,412</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	14	2,736,732	2,300,486
Share premium	14	128,187,393	115,806,259
Reserves	14	9,028,215	6,464,147
Deficit attributable to common shareholders		(124,933,339)	(112,947,479)
<b>Total equity</b>		<b>15,019,001</b>	<b>11,623,413</b>

These financial statements were approved and authorised for issue on April 30, 2024 and were signed on its behalf by:



Mr. Gilbert Clark  
Director

Company registered number: SE000111



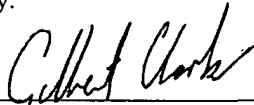
Mr. Douglas Ford  
Director

## Company Statement of Financial Position

	Note	December 31, 2023 \$	December 31, 2022 \$
<b>Non-current assets</b>			
Financial fixed assets	15	28,692,669	24,379,475
Exploration and evaluation assets		341,966	25,000
Intercompany loans	16	11,629,140	6,832,639
<b>Total non-current assets</b>		<b>40,663,775</b>	<b>31,237,114</b>
<b>Current assets</b>			
Prepaid expenses and other assets	8	247,530	137,940
Cash at bank and on hand		7,011,475	6,110,169
<b>Total current assets</b>		<b>7,259,005</b>	<b>6,248,109</b>
<b>Total assets</b>		<b>47,922,780</b>	<b>37,485,223</b>
<b>Current liabilities</b>			
Trade payables	9	244,351	465,866
Taxes and fees payables	11	11,372	149,067
Intercompany loans	16	793,245	793,478
<b>Total current liabilities</b>		<b>1,048,968</b>	<b>1,408,411</b>
<b>Total liabilities</b>		<b>1,048,968</b>	<b>1,408,411</b>
<b>Net assets</b>		<b>46,873,812</b>	<b>36,076,812</b>
<b>Capital and reserves</b>			
Share capital	14	2,736,732	2,300,486
Share premium	14	128,187,393	115,806,258
Reserves	14	19,195,093	17,101,867
Deficit attributable to common shareholders		(103,245,406)	(99,131,799)
<b>Shareholders' funds</b>		<b>46,873,812</b>	<b>36,076,812</b>

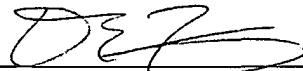
A separate statement of comprehensive income for Meridian Mining UK Societas has not been prepared as permitted by Section 408 of the Companies Act 2006. The loss of the Company for the year ended December 31, 2023 was \$4,113,607 (2022 – income of \$6,871,542).

These financial statements were approved and authorised for issue on April 30, 2024 and were signed on its behalf by:



Mr. Gilbert Clark  
Director

Company registered number: SE000111



Mr. Douglas Ford  
Director

## Consolidated Statement of Changes in Equity

	Share Capital		Reserves				Accu comp
	Share capital \$	Share premium \$	Conversion note reserve \$	Share based payments \$	Warrant reserve \$	Other Reserves \$	
<b>Equity shareholders' funds at 1 January 2022</b>	1,814,863	101,373,646	462,185	5,138,025	56,322	15,208,120	(
Foreign currency translation	-	-	-	-	-	-	
Profit for year	-	-	-	-	-	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	
Share-based payments	-	-	-	242,421	-	-	
Shares issued on private placement	178,802	4,141,570	-	-	-	-	
Share issuance costs	-	(540,669)	-	-	52,773	-	
Debt restructuring transactions, conversion of debt (note 14)	64,852	706,997	-	-	-	(771,849)	
Shares issued to HM Revenue & Customs ("HMRC") (note 14)	5,377	370,763	-	-	-	-	
Exercise of stock options	4,136	208,700	-	(77,231)	-	-	
Exercise of warrants	217,777	9,386,148	-	-	-	-	
Exercise of agent's compensation options and warrants	14,679	159,104	-	-	(42,872)	-	
<b>Equity shareholders' funds at 31 December 2022</b>	2,300,486	115,806,259	462,185	5,303,215	66,223	14,436,271	(
Foreign currency translation	-	-	-	-	-	-	
Loss for year	-	-	-	-	-	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	
Share-based payments	-	-	-	1,886,207	-	-	
Shares issued on private placement	404,236	13,116,481	-	-	-	-	
Shares issued regarding Cabaçal agreement payment (note 14)	10,883	306,083	-	-	264,153	-	
Share issuance costs (note 14)	-	(1,180,026)	-	-	-	-	
Exercise of stock options (note 13)	21,127	138,596	-	(57,134)	-	-	
<b>Equity shareholders' funds at 31 December 2023</b>	2,736,732	128,187,393	462,185	7,132,288	330,376	14,436,271	(

## Company Statement of Changes in Equity

	Share capital	Share Premium	Reserves			War res \$
			Convertible note reserve	Share based payments	Other reserves	
	\$	\$	\$	\$	\$	\$
<b>Equity shareholders' funds at 1 January 2022</b>	1,814,863	101,373,646	462,185	5,138,025	12,042,093	
Profit for year	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	
Debt restructuring transactions, conversion of debt (note 14)	64,852	706,997	-	-	(771,849)	
Shares issued for payment in kind of withholding taxes (note 14)	5,377	370,763	-	-	-	
Shares issued on private placement (note 14)	178,802	4,141,570	-	-	-	
Share issuance costs	-	(540,669)	-	-	-	
Share-based payments	-	-	-	242,421	-	
Exercise of stock options	4,136	208,700	-	(77,231)	-	
Exercise of warrants	217,777	9,386,148	-	-	-	
Exercise of agent's compensation options and warrants	14,679	159,104	-	-	-	(4
<b>Equity shareholders' funds at 31 December 2022</b>	<b>2,300,486</b>	<b>115,806,256</b>	<b>462,185</b>	<b>5,303,215</b>	<b>11,270,244</b>	
Loss for year	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	-	-	
Shares issued on private placement (note 14)	404,236	13,116,481	-	-	-	
Share issuance costs (note 14)	-	(1,180,026)	-	-	-	2
Shares issued regarding Cabaçal agreement payment (note 14)	10,883	306,083	-	-	-	
Issuance of stock options	-	-	-	1,886,207	-	
Exercise of stock options (note 13)	21,127	138,596	-	(57,134)	-	
<b>Equity shareholders' funds at 31 December 2023</b>	<b>2,736,732</b>	<b>128,187,393</b>	<b>462,185</b>	<b>7,132,288</b>	<b>11,270,244</b>	<b>3</b>

**Consolidated Cash Flow Statement**  
*for year ended December 31, 2022*

	<i>Notes</i>	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Net (loss) / income for the year		(11,985,859)	800,108
Items not affecting cash:			
Accrued finance expense		58,431	73,737
Depreciation	6	175,216	133,166
Mark-to-market revaluation of warrants	13	-	(10,447,198)
Gain on sale of property, plant and equipment		(23,939)	(75,313)
Share-based payments	13	1,886,207	242,421
Foreign exchange (loss) gain		(231,166)	298,059
Write down of exploration and evaluation assets		-	108,773
Change in estimated of provisions	10	82,690	69,364
Impairment reversal on property, plant and equipment		(16,120)	-
Items affecting cash:			
Interest paid		(24,399)	(19,928)
Disbursements related to provisions		(130,054)	(203,814)
Changes in non-cash working capital items:		-	-
(Increase)/decrease Prepaid expenses and other assets		(165,017)	60,769
(Decrease) / Increase in trade and other payables		(58,980)	123,351
Decrease in Taxes and fees payable	11	(166,186)	(217,318)
<b>Net cash used in operating activities</b>		<b>(10,599,176)</b>	<b>(9,053,823)</b>
<b>Cash flows from investing activities</b>			
Acquisition of exploration and evaluation assets	7	(1,073,535)	(102,669)
Additions to property, plant and equipment		(200,474)	(146,327)
Proceeds from sale of property, plant and equipment	6	10,301	75,313
<b>Net cash used in investing activities</b>		<b>(1,263,708)</b>	<b>(173,683)</b>
<b>Cash flows from financing activities</b>			
Proceeds from public offering financing		13,520,717	-
Share issuance costs related to the public offering financing		(915,873)	-
Proceeds from private placement financing, net of costs	14	-	3,832,476
Proceeds from the exercise of stock options		102,589	135,605
Proceeds from the exercise of warrants, agent's compensation options and agent's compensation options warrants		-	2,641,239
<b>Net cash from financing activities</b>		<b>12,707,433</b>	<b>6,609,320</b>
Net increase / (decrease) in cash and cash equivalents		844,549	(2,618,186)
Cash and cash equivalents at 1 January		6,174,891	9,059,798
Effect of exchange rate fluctuations on cash held		76,487	(266,721)
<b>Cash and cash equivalents at December 31</b>		<b>7,095,927</b>	<b>6,174,891</b>

**Company Cash Flow Statement**  
for the year ended December 31

	<i>Notes</i>	<b>2023</b>	<b>2022</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Net (loss) / income for the year		<b>(4,113,607)</b>	6,871,543
Items not affecting cash:			
Accrued financial expenses		<b>(531,501)</b>	(462,626)
Mark-to-market revaluation of warrants	13	-	(10,447,198)
Foreign exchange (loss) gain		<b>(171,388)</b>	331,088
Share based payments expense	13	<b>1,886,207</b>	242,421
Reversal of taxes and fees payable		-	-
Write-off of intercompany receivables		-	479,266
Changes in non-cash working capital items:			
(Increase) / decrease in prepaid expenses and other assets		<b>(109,590)</b>	56,830
(Increase) / decrease in intercompany loans		<b>(4,320,987)</b>	24,193
(Decrease) / Increase in tax and fees payable	11	<b>(137,695)</b>	79,902
(Decrease) / Increase in trade and other payables		<b>(221,515)</b>	172,904
<b>Net cash used in operating activities</b>		<b>(7,720,076)</b>	<b>(2,651,677)</b>
<b>Cash flows used in investing activities</b>			
Intercompany investments, capital contributions		<b>(4,313,427)</b>	(6,338,807)
<b>Net cash used in investing activities</b>		<b>(4,313,427)</b>	<b>(6,338,807)</b>
<b>Cash flows from financing activities</b>			
Proceeds from public offering financing	14	<b>13,520,717</b>	
Share issuance costs related to the public offering financing		<b>(915,873)</b>	-
Proceeds from private placement financing, net of costs		-	3,832,476
Proceeds from the exercise of options		<b>102,589</b>	135,605
Proceeds from the exercise of warrants agent's compensation options and agent's compensation options warrants		-	2,641,239
<b>Net cash from financing activities</b>		<b>12,707,433</b>	<b>6,609,320</b>
Net increase in cash and cash equivalents		<b>673,930</b>	(2,381,164)
Cash and cash equivalents at 1 January		<b>6,110,169</b>	8,838,073
Effect of exchange rate fluctuations on cash held		<b>227,376</b>	(346,740)
<b>Cash and cash equivalents at December 31</b>		<b>7,011,475</b>	<b>6,110,169</b>

## Notes to the Financial Statements

### 1 Accounting policies – Group and parent

Meridian Mining UK Societas (the “Company” or “Meridian”) was formed in Amsterdam, Netherlands on December 16, 2013. Effective August 15, 2017, the Company transferred its official seat from the Netherlands to London, United Kingdom. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol MNO. The Company is currently engaged in the exploration and development of mineral deposits in Brazil, through its subsidiaries, Rio Cabaçal Mineração Ltda (“Rio Cabaçal”) and Meridian Mineração Jaburi S.A. (“Jaburi”). The Company’s head office is located at 8th Floor, 4 More London Riverside, London, SE1 2AU, United Kingdom. The registered number is SE000111.

#### 1.1 Measurement convention

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value.

#### 1.2 Basis of presentation

The parent and consolidated financial statements, including comparatives, have been prepared in accordance with UK-adopted international accounting standards (“UK IAS”) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

As the Company was listed at TSX, there are additional requirements to report audited consolidated financial statements under the exchange rules prepared under IFRS and audited in accordance with Canadian generally accepted auditing standards. During the year ended December 31, 2023, the difference in standards used caused certain differences in the accounting treatment mainly in the equity section.

The financial statements of the Group and Parent Company are presented in United States dollars, which is the functional currency of the Group and Parent Company. References to “\$”, “US\$” or “dollars” are to US dollars, references to “C\$” are to Canadian dollars, references to “€” are to Euros, references to “£” are to British pounds, and references to “R\$” are to Brazilian Reals.

#### 1.3 Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Group incurred a loss of \$11,985,858 during the period ended December 31, 2023 (2022 – income of \$800,108). The Group has a working capital of \$5,079,419 as at December 31, 2023 (December 31, 2022 - \$2,879,979). The Group incurred cash flows from operating activities of \$10,599,176 during the period ended December 31, 2023 (December 31, 2022 - \$9,053,823).

To continue as a going concern, the Company will need to secure new funding. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration successes. There can be no assurance that these initiatives will be successful, or sufficient financing will be available. These material uncertainties cast significant doubt as to the ability of the Group to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include adjustments to the recoverability and classifications of recorded assets and classification of liabilities and related expenses that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

#### 1.4 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company’s subsidiaries as at the statement of financial position dates and the results of all subsidiaries for the years then ended. Subsidiaries are all entities controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date

control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognises non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

These consolidated financial statements include the following 100% held entities as at December 31, 2023 and 2022:

Name of subsidiary	Incorporated	Registered office address	Activity	% holding	Functional Currency
Rio Cabaçal Internacional Ltda	Brazil	Rua Comandante da Costa, 1519, andar 2, sala 3, Cuiabá, MT, Brazil	Investment	100%	R\$
Rio Cabaçal Mineração Ltda	Brazil	Avenida Dr. Guilherme Pinto Cardoso, 851-B, São José dos Quatro Marcos, MT, Brazil	Exploration	100%	R\$
Cancana Resources Corp ("Cancana")	Canada	1055 West Hastings St, Suite 1700, Vancouver, BC, Canada	Investment	100%	C\$
Meridian Mineração Jaburi S.A.	Brazil	Rua Alagoas, 2274, Espigão do Oeste, RO, Brazil	Exploration	100%	R\$

Accounting policies of subsidiaries are updated where necessary to ensure consistency with the policies adopted by the consolidated group. Acquisitions of subsidiaries under common control before and after the transaction are recorded at historical carrying value. Subsidiaries under common control are consolidated from the date of acquisition by the ultimate controlling entity.

### 1.5 Foreign currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The presentation currency of these consolidated financial statements is the United States dollar, which is also the functional currency of the Group and the Parent Company.

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates.

The results and financial position of entities in the group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate of the period reported;
- Income and expenses for each statement of loss and comprehensive loss presented are translated at average exchange rates; and
- All resulting exchange differences are recognised in accumulated other comprehensive loss which is included in the reserves on the consolidated statement of financial position.

### 1.6 Classification of financial instruments issued by the Group

#### Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI), or at amortized cost. The determination of the classification of financial assets is made at initial recognition.

The Group's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of income (loss) and other comprehensive income (loss) ("Statements of Income (Loss)"). Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the Statements of Income (Loss) in the period.

**Financial assets at FVTOCI:** Financial assets carried at FVTOCI are recorded at fair value and transaction costs are expensed in the Statements Income (Loss). Realized and unrealized gains and losses arising from changes in fair value of the financial assets held at FVTOCI are included in other comprehensive income (loss) in the period.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognised at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:*

Financial assets carried at amortized cost are assessed at each reporting date for any potential impairment. The Company uses the expected credit loss ("ECL") model for calculating impairment and recognises expected credit losses as a loss allowance for assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12 month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

The amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted using the original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment and the impairment loss is recognised in the Statements of Income (Loss) and Other Comprehensive Income ("Statements of Income (Loss)").

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Statements of Income (Loss).

The following table shows the classification of the Group's financial assets:

Financial asset	Classification
Cash	Amortized cost

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Group's accounting policy for each category is as follows:

**Fair value through profit or loss -** This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognised in the Statements of Income (Loss).

**Amortized Cost -** This category includes accounts payable and accrued liabilities, and loans payable, all of which are recognised at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss or other comprehensive income are recognised in the Statements of Income (Loss) immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Group's financial liabilities:

Financial liability	Classification
Accounts payables	Amortized cost
Warrant liability	FVTPL

### 1.7 Earnings / (loss) Per Share ("EPS")

Basic EPS is calculated using the weighted average number of shares outstanding during the year.

Diluted EPS is calculated using the treasury stock method for determining the dilutive effect of outstanding financial instruments issued under the Company's various stock-based compensation plans. Under this method, the conversion of dilutive financial instruments and related issue of shares is assumed at the beginning of the period (or at the time of award, if later). The proceeds from the conversion or exercise of dilutive financial instruments plus future period compensation expenses are assumed to be used to purchase common shares at the average market price during the period, and the incremental number of shares (the difference between the number of shares assumed issued and assumed purchased) is included in the denominator of the diluted EPS computation.

### 1.8 Cash

Cash includes cash that is readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 1.9 Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition of exploration and evaluation assets are capitalized provided that the legal rights to explore the mineral properties are acquired or obtained. Exploration and evaluation expenditures are subsequently expensed as incurred. When the technical feasibility and commercial viability of a mineral resource have been demonstrated and a development decision by the board has been made, the capitalized costs of the related property are transferred to mining development costs and any subsequent expenditures are capitalized as mine development costs.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The Group assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount.

The estimated recoverable amount is the greater of fair value less costs of disposal ("FVLCD"), and value in use ("VIU"). If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

### **1.10 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Property, plant and equipment is depreciated on a straight-line basis.

Vehicles	5 years
Machinery and Equipment	10 years
Office furniture, communication and computer equipment	10 years
Buildings	10 years

Depreciation commences when the asset is available for its intended use. The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amounts.

### **1.11 Impairment and reversal of non-financial assets**

The carrying value of the Group's exploration and evaluation expenditures is assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Group deciding not to continue exploring or incur substantial additional expenditures on the project; or it is determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset-by-asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment is considered based on a cash generating unit ("CGU"). 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 group of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to comprehensive loss within the consolidated statements of operations and comprehensive loss to reduce the carrying amount to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statements of Income (Loss)

### **1.12 Employee benefits**

#### *Share-based payment transactions*

The Company grants stock options to directors, officers, employees and non-employees. Share-based compensation costs are measured based on the grant date fair value of the equity-settled instruments and recognised upon grant date over the related service period in the consolidated Statements of Income (Loss) and credited share-based payment reserve within shareholders' equity.

The grant date fair value is based on the underlying market price of the common shares of the Company taking into account the terms and conditions upon which those equity-settled instruments were granted. The fair value of equity-settled instruments granted is estimated using the Black-Scholes model or other appropriate method and assumptions at grant date. Equity-settled awards are not re-measured subsequent to the initial grant date.

Determination of the grant date fair value requires management estimates such as risk-free interest rate, volatility and weighted average expected life. Share option expense incorporates an expected forfeiture rate which is estimated based on historical forfeiture rates and expectations of future forfeiture rates. The Company makes adjustments if the actual forfeiture rate differs from the expected rate.

The weighted average grant date fair value is the basis for which share-based compensation is recognised in the Statements of Income (Loss).

When the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

### **1.13 Provisions**

#### *General*

Provisions for legal claims and constructive obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance expense.

#### *Environmental provisions*

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. An environmental provision is recognised in the period when a legal or constructive obligation originates. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability where the impact of discounting is material. Where appropriate, the provision is accreted over time to its expected future settlement value.

Environmental provisions are reviewed at every reporting period. The liability is adjusted for changes in estimates in costs and timing of work to be performed. Changes in the discount rate and inflation rates are recognised each reporting period, with the changes recognised as additions to or reductions from the liability and a corresponding addition to or reduction from profit and loss where the changes relate to closed mine sites. Changes in estimates of environmental provisions also include changes due to movement in the exchange rates. Any reduction to the asset may not exceed the carrying value of that asset.

### **1.14 Taxation**

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

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

In assessing the probability of realizing income tax assets recognised, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognised. At the end of each reporting period, the Company reassesses unrecognised income tax assets.

### **1.15 Investment in subsidiaries**

Investments in subsidiaries are initially recorded at cost. The carrying values of fixed financial assets are subject to review for impairment at least at each reporting date. Fixed financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The process undertaken to review impairment in the year ended December 31, 2023 comprised of the calculation of enterprise value less costs of disposal.

### **1.16 Standards and amendments issued but not yet effective or adopted**

Standards issued, but not yet adopted include:

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognised as equity.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Group does not anticipate the adoption of the new standard to impact the financial statements.

## **2 Accounting estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Certain estimates and judgments, such as those related to the recoverability of property, plant and equipment, and exploration and evaluation assets, deferred tax assets and liabilities, and disclosure of contingencies depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these consolidated financial statements.

**a) Use of estimates:**

*Provisions and recognition of a liability for loss contingencies*

Judgments are required to determine if a present obligation exists at the end of the reporting period by considering all available evidence, including the opinion of experts. The most significant provisions that require judgment to determine if a present obligation exists are contingent losses related to claims and asset retirement obligation. This includes an assessment of how to account for obligations based on the most recent closure plans and environmental regulations.

*Income taxes*

The Group's operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with tax authorities in various jurisdictions and resolution of disputes arising from tax audits. The Group recognises potential liabilities and records tax liabilities for anticipated tax audit issues based on its estimate of whether, and the extent to which, additional taxes will be due. The Group adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Group's current estimate of the tax liabilities. If the Group's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result.

**b) Critical management judgments:**

*Recoverability of exploration and evaluation assets and related financial assets*

The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and the success of future operations or dispositions. If a project does not prove viable, all unrecoverable costs associated with the project net of any related existing impairment provisions are written down to its recoverable amount.

**3 Expenses and auditors' remuneration**

*Group exploration and evaluation expenses included in the profit/loss is comprised of the following:*

	2023	2022
	\$	\$
Assays	955,687	552,049
Consulting – geological and other	733,638	639,071
Drilling	2,013,207	1,365,391
Equipment and maintenance	558,704	513,394
Environmental studies	282,682	225,117
Fees and licenses	49,714	6,164
Field expenditures and road construction	424,483	456,847
Payroll	1,305,552	1,057,962
Room and boarding	263,700	284,323
Other	38,961	58,890
<b>Total</b>	<b>6,626,328</b>	<b>5,159,208</b>

Group general and administrative expenses included in the profit/loss is comprised of the following:

	2023	2022
	\$	\$
Investor relations and shareholder communication	245,869	217,695
Insurance	123,914	164,922
Management and director fees	1,176,657	825,022
Office and miscellaneous	168,861	330,612
Payroll	527,636	661,750
Rent	74,016	72,618
Subscriptions and licenses	8,252	47,461
Telephone and information technology	57,120	65,686
Travel	193,789	184,888
Other	141,874	168,000
<b>Total</b>	<b>2,717,988</b>	<b>2,738,654</b>

Auditor's remuneration:

	2023	2022
	\$	\$
Audit of these financial statements		
Amounts receivable by the company's auditors in respect of:		
Auditor of Group and Company Financial Statements	54,897	36,278
	<b>54,897</b>	<b>36,278</b>

#### 4 Staff numbers and costs

The average number of persons employed by the Group (including directors and officers at the subsidiary level) during the year, analysed by category, was as follows:

Group	Number of employees	
	2023	2022
Employees	64	63
Management and Directors – Company	10	7
Management and Directors – Subsidiaries	3	3
	<b>77</b>	<b>73</b>

The aggregate payroll costs of these persons were as follows:

Group	2023	2022
	\$	\$
Wages, salaries, management and directors' fees	2,793,181	2,428,232
Share based payment	1,154,720	-
Social security costs	268,549	186,198
Expenses related to employee benefits	147,004	117,781
	<b>4,363,454</b>	<b>2,732,211</b>

## Directors' remuneration

Company	2023	2022
	\$	\$
Management and directors' fees earned by Directors	778,263	692,682

The following table provides information regarding compensation paid to the Company's directors and details regarding the highest paid director during the financial period ended December 31, 2023.

Name	Fees earned \$	Share-based awards \$	Option-based Awards \$	Non-equity incentive plan compensation \$	Pension Value \$	All Other Compensation \$	Total \$
Dr. Adrian McArthur	240,352	N/A	-	N/A	N/A	Nil	240,352
Gilbert Clark	329,762	N/A	-	N/A	N/A	Nil	329,762
Charles Riopel	13,324	N/A	-	N/A	N/A	Nil	13,324
Mark Thompson	13,500	N/A	-	N/A	N/A	Nil	13,500
John Skinner	22,295	N/A	-	N/A	N/A	Nil	22,295
Susanne Sesselmann	22,255	N/A	-	N/A	N/A	Nil	22,255
Martin McFarlane	113,463	N/A	-	N/A	N/A	Nil	113,463
Douglas E. Ford	11,100	N/A	-	N/A	N/A	Nil	11,100
Neil Gregson	6,206	N/A	-	N/A	N/A	Nil	6,206
Bruce McLeod	6,006	N/A	-	N/A	N/A	Nil	6,006
<b>Total</b>	<b>778,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>778,263</b>

## 5 Taxation

### Reconciliation of effective tax rate

	Group 2023	2022
	\$	\$
Income / (loss) for the year	(11,985,859)	941,395
Total tax expense (recovery)	-	-
Loss excluding taxation	(11,985,859)	941,395
Statutory corporation tax rate of 23.5% (2022: 19%)	(2,816,677)	178,865
Foreign tax rate differential	(759,000)	(903,000)
Statutory permanent differences	848,000	114,000
Losses and deductible temporary differences not recognised	2,727,677	751,422
Total tax expense	-	141,287

The significant components of deferred tax assets and liabilities as at year-end are as follows:

	Group December 31, 2023	2022
	\$	\$
Exploration and evaluation assets	(122,000)	(83,000)
Property, plant and equipment and other	-	-
Loss carried forward	122,000	83,000
<b>Net deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>

The significant components of the Group's deductible temporary differences, and unused tax losses that have not been recognised on the statement of financial position are as follows:

	Group December 31, 2023	2022
	\$	\$
Temporary differences:		
Environmental provision	55,000	168,000
Loss carry forwards	73,390,000	60,558,000
Provisions	806,000	740,000
Property, Plant & Equipment	1,440,000	1,632,000

Loss carry forwards consist of Canadian tax losses of \$3,328,000, which expire between 2036 and 2042, United Kingdom losses of \$29,912,000 which have no expiry date and Brazilian tax losses of \$39,850,000, which have no expiry date, however only 30% of the taxable income in one year can be applied against the loss carry-forwarded balance. The ability of the Company to access unrecognised tax losses and other deductions in Canada has been restricted as a result of the 2016 acquisition of control of Cancana. Tax attributes are subject to review, and potential adjustment, by tax authorities.

## 6 Property, plant and equipment – Group

	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
<b>Cost:</b>	\$	\$	\$	\$
<b>Balance, January 1, 2022</b>	67,750	911,106	95,276	1,074,132
Additions	-	96,523	91,050	187,573
Disposals	-	(137,690)	-	(137,690)
Foreign currency adjustment	3,646	50,070	2,845	56,561
<b>Balance, December 31, 2022</b>	<b>71,396</b>	<b>920,009</b>	<b>189,171</b>	<b>1,180,576</b>
Additions	-	110,698	96,843	207,541
Disposals	-	-	(63,134)	(63,134)
Impairment reversal	-	-	63,134	63,134
Foreign currency adjustment	6,393	85,550	19,706	111,649
<b>Balance, December 31, 2023</b>	<b>77,789</b>	<b>1,116,257</b>	<b>305,720</b>	<b>1,499,766</b>

	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
	\$	\$	\$	\$
<b>Accumulated depreciation:</b>				
<b>Balance, January 1, 2022</b>	-	(257,597)	(68,472)	(326,069)
Additions	-	(89,502)	(43,664)	(133,166)
Disposals	-	137,690	-	137,690
Foreign currency adjustment	-	(15,073)	(2,591)	(17,664)
<b>Balance, December 31, 2022</b>	-	(224,482)	(114,727)	(339,209)
Additions	-	(98,431)	(76,785)	(175,216)
Disposals	-	-	47,014	47,014
Impairment reversal	-	-	(47,014)	(47,014)
Foreign currency adjustment	-	(22,916)	(12,463)	(35,379)
<b>Balance, December 31, 2023</b>	-	(345,829)	(203,975)	(549,804)

	Land	Vehicles, machinery, and equipment	Office furniture and other	Total
	\$	\$	\$	\$
<b>Net book value:</b>				
<b>December 31, 2022</b>	71,396	695,527	74,444	841,367
<b>December 31, 2023</b>	77,789	770,428	101,745	949,962

## 7 Exploration and evaluation assets

Summary of Group's exploration and evaluation assets:

	<b>\$</b>
<b>Balance as at January 1, 2022</b>	6,057,012
Additions	
Option agreement – Cabaçal project	1,750,000
Write down of exploration and evaluation assets	(108,773)
Foreign currency adjustment	322,395
<b>Balance as at December 31, 2022</b>	<b>8,020,634</b>
Additions:	
Option agreement – Cabaçal project	316,966
Foreign currency adjustment	681,901
<b>Balance as at December 31, 2023</b>	<b>9,019,501</b>

### *Cabaçal Project, Mato Grosso*

#### (a) Overview of Purchase Agreement

On November 6, 2020, the Company entered into a Purchase Agreement with two private Brazilian companies (the "Vendors"), to acquire the rights to the Cabaçal Copper-Gold Project in the state of Mato Grosso, Brazil, (the "Cabaçal Agreement"). The Cabaçal Agreement contemplated that payments can be withheld by the Company in an Indemnification Escrow Fund (the "Escrow Fund") to guarantee the payment of any losses in connection with certain of the Vendors' obligations. At the Company's discretion, the Escrow Fund balance can be used to pay certain Vendors' obligations.

Under the terms of the Cabaçal Agreement, the Company is required to make staged payments based on milestones achieved below. The Company has determined the Cabaçal Agreement to be an executory contract based on the assessment of its provisions. As a result, as milestones are achieved the respective staged payments are triggered. The measurement of staged payments will be determined at the trigger date and will be capitalized to exploration and evaluation assets as they are deemed to be acquisition related costs.

Amounts triggered and paid as at December 31, 2023:

- \$25,000 payable within 5 days of the execution of the option agreement (paid);
- \$275,000 payable by October 15, 2021, as the transfers of the mineral rights to Rio Cabaçal were filed with the Agência Nacional de Mineração ("ANM"; Brazil's nation mining agency) (paid);
- \$1,750,000 payable on August 1, 2023, unless accelerated upon completion of an equity financing for gross proceeds of at least \$2,500,000, provided completion of a successful drill program and historical geophysics database validation, as well as obtaining certain permits and the access to the surface rights overlapping with the Cabaçal mineral rights (see details regarding payment below); and
- 1,000,000 common shares in the capital of the Company or C\$300,000, at the option of the Vendors, within 6 months of the third payment and subject to completion of a technical report on the estimate of the resource in accordance with National Instrument 43-101, whichever occurs later (paid in common shares).

Amounts not yet triggered:

- \$1,850,000 plus, at the option of the Vendors, 1,500,000 common shares in the capital of the Company or C\$450,000, within 9 months of the fourth payment and subject to the successful completion of the positive economic feasibility study. On January 4, 2024, the Company amended the terms of the fifth payment where the payment will be made by September 30, 2025, but is still subject to the successful completion of the positive economic feasibility study. Additionally, the amended terms now require the Company to advance \$250,000, in monthly installments, from April 2025 to June 2025, to be deducted from the total amount of the fifth payment;
- \$2,250,000 payable plus, at the option of the Vendors, 2,000,000 common shares in the capital of the Company or C\$600,000, up to 30 days after the Installation License ("LI") of the Cabaçal plant is issued by the competent authorities; and
- \$2,600,000 payable within 45 days after the signature by the Company of the definitive financing contracts for the construction of the Cabaçal plant.

(b) Cabaçal Agreement payments

During the year ended December 31, 2023, the Company made payments of \$1,073,535 on behalf of the Vendors that have been deducted from the third payment amount. As at December 31, 2023, the remaining balance of third instalment of \$676,465 continues to be recognised in accounts payable and accrued liabilities.

The fourth payment under the Cabaçal Agreement was due on June 30, 2023. Under the Cabaçal Agreement, the Vendors had the option of receiving, 1,000,000 common shares of the Company or cash of C\$300,000 at their discretion. The Vendors elected to receive common shares as payment. The Company issued common shares on June 30, 2023 at a fair value of \$316,966 (C\$420,000) to maintain the right to explore the Cabaçal project.

**8 Prepaid expenses and other assets**

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Current:</b>				
Tax credits	-	17,426	-	-
Tax recovery	24,000	24,000	24,000	24,000
Prepaid expenses and advances	361,120	174,977	223,530	113,940
<b>Total</b>	<b>385,818</b>	<b>216,403</b>	<b>247,530</b>	<b>137,940</b>

The Group is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including as a cash refund or as a credit against current taxes payable.

## 9 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade and other payables	871,346	856,299	203,161	465,866
Option agreement – Cabaçal project (note 7)	676,465	1,750,000	-	-
Payroll liabilities	252,503	202,428	-	-
Other liabilities	54,035	59,450	41,190	-
<b>Total</b>	<b>1,854,349</b>	<b>2,868,177</b>	<b>244,351</b>	<b>465,866</b>

## 10 Provisions - Group

	Environmental provision (i)	Other provisions (ii)	Total
	\$	\$	\$
<b>Balance, January 1, 2022</b>	268,334	240,744	509,078
Spent during the period	(158,193)	(45,621)	(203,814)
Accretion	6,264	-	6,264
Additions (reversals) during the year	34,214	35,150	69,364
Foreign currency adjustment	17,394	13,220	30,614
<b>Balance, December 31, 2022</b>	<b>168,013</b>	<b>243,493</b>	<b>411,506</b>
Spent during the period	(130,054)	-	(130,054)
Accretion	11,045	-	11,045
Additions (reversals) during the year	20,958	61,732	82,690
Foreign currency adjustment	(15,280)	23,569	8,289
<b>Balance, December 31, 2023</b>	<b>54,682</b>	<b>328,794</b>	<b>383,476</b>
Represented by:			
<b>December 31, 2022</b>			
Long-term portion	106,113	243,493	349,606
Current portion	61,900	-	61,900
<b>December 31, 2023</b>			
Long-term portion	34,536	328,794	363,330
Current portion	20,146	-	20,146

### (i) Environmental provision

Pursuant to Jaburi's operations in Brazil, the Group is required to rehabilitate its plant and colluvial mining sites, as well as remove all plant and equipment. A provision has been recognised for the requirements to rehabilitate these sites environmentally and decommission the plant and equipment. Long-term environmental liabilities related to decommissioning the plants are recorded at the present value of the estimated costs, assuming nominal risk-free discount rates of 8.50% and are expected to be incurred up to the end of 2025.

### (ii) Other provisions

Various legal and regulatory matters are outstanding from time to time due to the nature of the Group's operations. In the event that management's estimate of the future resolution of these matters changes, the Group will recognise the effects of the changes in its consolidated financial statements on the date such charges occur. As at December 31, 2023, the Group has recognised a provision of \$328,794 (December 31, 2022 - \$243,493) representing management's best estimates of expenditures required to settle present obligations. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the Group's estimates.

## 11 Taxes and fees payable

	Group		Company	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	\$	\$	\$	\$
<b>Current:</b>				
Taxes and fees payable (i)	58,406	51,638	-	-
Withholding taxes and other taxes related to debt restructuring (ii)	58,650	54,036	11,372	-
Income tax payable	-	141,287	-	149,067
Other	67,591	46,571	-	-
	<b>184,647</b>	<b>293,532</b>	<b>11,372</b>	<b>149,067</b>
<b>Non-Current:</b>				
Taxes and fees payable (i)	9,735	56,668	-	-
Total	<b>194,382</b>	<b>350,200</b>	<b>11,372</b>	<b>149,067</b>

(i) *Restructuring of Brazilian taxes and fees liabilities*

During the year ended December 31, 2020, the Group enrolled in an instalment payment program on certain unpaid taxes and fees related to the year ended December 31, 2019. Under the program, the Group will pay the outstanding taxes and fees, plus accrued penalties, and interests, in equal instalments over a period of 60 months.

As at December 31, 2023, the total balance of the Brazilian social security taxes payable was \$68,141 that will be repaid in equal monthly instalments over 14 months, adjusted for inflation. As a result, the Group classified as long-term liabilities the amount of \$9,735 (December 31, 2022 - \$56,668)

## 12 Earnings per share

The following table sets forth the computation of basic and diluted earnings / (loss) per share:

	Year ended December 31,	
	2023	2022
<b>Numerator</b>		
Income / (loss) for the year	\$ (11,985,859)	\$ 800,108
Effect of dilutive securities	-	(10,447,198)
	<b>\$ (11,985,859)</b>	<b>\$ (9,647,090)</b>
<b>Denominator</b>		
For basic – weighted average number of shares outstanding	228,902,663	172,893,105
Effect of dilutive securities	-	19,187,282
For diluted – adjusted weighted average number of the shares outstanding	<b>228,902,663</b>	<b>192,080,387</b>
<b>Earnings / (loss) Per Share</b>		
Basic	\$ (0.05)	\$ 0.00
Diluted	\$ (0.05)	\$ (0.05)

For the year ended December 31, 2023, 21,543,103 stock options were not included in the calculation of diluted earnings per share as the Group was in a loss position and thus any impact would be anti-dilutive. For the year ended December 31, 2022, 4,705,638 stock options were not included in the calculation of diluted earnings per share as they were out of the money.

### 13 Warrants and Stock Options

The terms and conditions of the grants are as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding January 1, 2022	22,044,851	C\$ 0.17	14,702,096	C\$ 0.48
Expired	(1,229,750)	0.30	(39,079)	1.00
Granted	-	-	565,000	0.77
Exercised (i)	(20,815,101)	0.16	(397,732)	0.44
Outstanding December 31, 2022	-	C\$ -	14,830,285	C\$ 0.50
Expired	-	-	(1,738,371)	0.71
Granted	-	-	10,390,136	0.49
Exercised (i)	-	-	(1,938,947)	0.07
Outstanding December 31, 2023	-	C\$ -	21,543,103	C\$ 0.65

(i) During the year ended December 31, 2023, the weighted average share price at the date of the stock option exercise was C\$0.435 (2022 – C\$0.78)

As at December 31, 2023 the following incentive stock options were outstanding:

	Number of Shares	Exercise Price (C\$)	Expiry Date	Remaining Contractual Life (years)
<b>Stock options</b>	4,352,684	0.07	October 22, 2024	0.81
	248,016	0.10	June 2, 2025	1.42
	2,660,000	0.45	February 26, 2026	2.16
	3,784,267	1.10	October 27, 2026	2.82
	100,000	1.10	February 6, 2027	3.10
	75,000	1.10	February 24, 2027	3.15
	390,000	0.95	May 17, 2027	3.38
	2,788,500	0.50	January 25, 2028	4.07
	695,000	0.50	July 26, 2028	4.57
	950,000	0.50	October 11, 2028	4.78
	1,000,000	0.35	October 27, 2028	4.83
	4,499,636	0.50	November 28, 2028	4.92
<b>Agent's compensation options</b>	501,004 <sup>(1)</sup>	0.35	December 30, 2024	1.00
	1,677,000 <sup>(2)</sup>	0.50	May 2, 2025	1.34

<sup>(1)</sup> Issued in connection with the brokered private placement closed on December 30, 2022.

<sup>(2)</sup> Issued in connection with the public offering closed on May 2, 2023.

During the year ended December 31, 2023, the Company granted 10,390,136 stock options to directors, officers, employees, advisors, and consultants of the Company that vested immediately with an exercise price ranging from C\$0.35 to C\$0.50 per common share for a term of five years.

During the year ended December 31, 2022, the Company granted 565,000 stock options to consultants of the Company that vested immediately with an exercise price ranging from C\$0.95 to C\$1.10 per common share for a term of five years.

Total share-based payments recognised in the Statements of Income (Loss) for the year ended December 31, 2023 was \$ 1,886,207 (2022 - \$242,421) for incentive options granted and vested.

In June 2022, the Company's shareholders approved the adoption of a new omnibus equity incentive plan (the "Omnibus Plan") to replace and supersede the Company's stock option plan (the "Previous Plan"). All outstanding stock options granted under the Previous Plan shall continue to be outstanding as stock options granted under and subject to the terms of the Omnibus Plan. Under the terms of the Omnibus Plan, the Company may grant share-based compensation in the form of stock options, restricted share units ("RSU") or deferred share units ("DSU") (collectively the "Awards") to directors, officers, employees, and consultants of the Company. The maximum number of shares reserved for issuance at any time pursuant to Awards granted under the Omnibus Plan shall be equal to 10% of the Company's outstanding shares. The maximum number of shares available for issuance pursuant to RSUs and DSUs granted under the Omnibus Plan shall be, in the aggregate, equal to 2% of the Company's outstanding shares, subject to availability under the aggregate 10% limit for the Omnibus Plan. The Awards can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

The following assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the years ended on December 31, 2023 and December 31, 2022:

	Options granted in 2023	Options granted in 2022
Risk-free interest rate	2.88% - 4.15%	1.74% - 2.84%
Expected life of options	5 years	5 years
Expected annualized volatility	83.26% - 85.04%	85.12% - 88.06%
Dividend yield	0.0%	0.0%
Forfeiture rate	0.0%	0.0%

The expected volatility used in the Black-Scholes option pricing model is based primarily on the historical volatility of the comparable companies.

#### **Warrants – Derivative Liability**

The Company's detachable warrants related to the units issued in the July 15, 2020 and December 21, 2020 private placements have an exercise price denominated in foreign currency (Canadian dollars) and were classified and accounted for as a derivative liability at fair value with changes in fair value included in profit or loss. During the year ended December 31, 2022, warrants which were set to expire on July 15, 2022 were fully exercised, and warrants with a December 21, 2022 expiry date were partially exercised.

During the year ended December 31, 2022, there was a derivative gain of \$10,447,198 from the mark-to-market measurement of the warrant liability. During the year ended December 31, 2022, the weighted average assumptions used in the Black-Scholes pricing model to calculate the fair value of the warrants were: an expected life of 0.26 years; annualized volatility of 74.32%; a risk-free interest rate of 2.49%; and zero expected dividend yield.

## 14 Capital and reserves

	Number of Shares	Share capital \$	Share premium \$
<b>Balance at January 1, 2022</b>	<b>157,110,457</b>	<b>1,814,863</b>	<b>101,373,646</b>
Shares issued on private placement	16,750,142	178,802	4,141,570
Share issuance costs	-	-	(540,669)
Debt restructuring transactions, conversion of debt	5,869,670	64,852	706,997
Shares issued to HM Revenue & Customs (“HMRC”)	509,795	5,377	370,763
Exercise of stock options	397,732	4,136	208,700
Exercise of warrants	20,815,101	217,777	9,386,148
Exercise of agent’s compensation options and warrants	1,380,864	14,679	159,104
<b>Balance at December 31, 2022</b>	<b>202,833,761</b>	<b>2,300,486</b>	<b>115,806,259</b>
Shares issued on private placement	36,800,000	404,236	13,116,481
Shares issued regarding Cabaçal agreement payment	1,000,000	10,883	306,083
Share issuance costs	-	-	(1,180,026)
Exercise of stock options	1,938,947	21,127	138,596
<b>Balance at December 31, 2023</b>	<b>242,572,708</b>	<b>2,736,732</b>	<b>128,187,393</b>

### Authorised Capital

As at December 31, 2023 the Company had authorised unlimited number of common shares with a par value of €0.01.

### Issued Capital

The Company has 242,572,708 (December 31, 2022 - 202,833,761) issued and fully paid shares.

### Share capital

Share capital comprises the amount subscribed for at the par value.

### Share premium

Share premium comprises the amount subscribed for share capital in excess of par value.

### Shares issued

During the year ended December 31, 2023, the Company issued:

- 36,800,000 common shares for aggregate gross proceeds of \$13,520,717 at a subscription price of C\$0.50 per common shares.
- 1,000,000 common shares issued as payment of the fourth instalment of the Cabaçal Agreement.
- 1,938,947 common shares for cash proceeds of \$102,589 pursuant to the exercise of stock options at the exercise price of C\$0.07.

### Offering

On May 2, 2023, the Company closed a bought deal offering through the issuance of 36,800,000 common shares at a subscription price of C\$0.50 per common share, for aggregate gross proceeds to the Company of \$13,520,717 (C\$18,400,000). The Company paid agent’s cash commission totalling \$616,146 (C\$838,500) and issued 1,677,000 agent’s compensation options, valued at \$264,153 (C\$358,912). Each agent’s compensation option is exercisable for one common share at an exercise price of C\$0.50, expiring May 2, 2025. The value of the agent’s compensation option was determined using Black-Scholes pricing model. The assumptions used to calculate the fair value of the agent’s

compensation options were an expected life of 2 years; annualized volatility of 76.30%; a risk free interest rate of 2.95%; and zero expected dividend yield. The Company incurred other share issuance costs of \$299,728 on this offering. Total transactions costs incurred and allocated to share premium was \$1,180,026.

On June 30, 2023, the Company issued 1,000,000 common shares at the deemed price of \$0.42 per common share, totalling \$316,966 (C\$420,000) related to the payment of the fourth instalment of the Cabaçal agreement. In accordance with the applicable securities regulations and policies of the TSX, the common shares issued to Vendors pursuant to the Agreement are subject to a statutory four month and a day hold period.

On July 4, 2023, the Company issued 1,938,947 common shares for cash proceeds of \$102,589 pursuant to the exercise of stock options at the exercise price of C\$0.07.

During the year ended December 31, 2022, the Company issued:

- 20,815,101 common shares for cash proceeds of \$2,500,988 pursuant to the exercise of warrants.
- 1,380,864 common shares for cash proceeds of \$130,911 pursuant to the exercise of agent's compensation units and agent's compensation options warrants; the Company reallocated \$42,872 of warrant reserve to share capital and share premium in connection with the exercise of these agent's compensation units.
- 397,732 common shares for cash proceeds of \$135,605 pursuant to the exercise of stock options at the exercise price of C\$0.44.
- 16,750,142 common shares for gross cash proceeds of \$4,320,372 pursuant to the private placement at the share price of C\$0.35 per common share.

*Debt restructuring transactions:*

The Company also issued the following shares during the year ended December 31, 2022:

- 5,869,670 common shares on March 29, 2022 to SGRFIV settling the Consolidated Facility agreement balance of C\$14,674,177 before its maturity. During the year ended December 31, 2020, the Company concluded the debt restructure transaction with SGRFIV which resulted in the reclassification of the balance outstanding of the Consolidated Facility agreement to other reserves in equity. Upon issuance of the common shares on March 29, 2022, the Company reclassified the amount of \$771,849 equivalent of the fair value of the Consolidated Facility agreement on December 21, 2020 from other reserves to share capital and share premium.
- 509,795 common shares on April 5, 2022 to HM Revenue & Customs ("HMRC" - United Kingdom tax authority) as payment of the withholding taxes obligation related to the Consolidated Facility agreement with SGRFIV. Upon issuance of the common shares on April 5, 2022, the Company settled the amount of \$376,139.

**Reserves - Stock options and warrants**

Stock option and share purchase warrant transactions. Please refer to note 13.

**Other Reserves**

	<b>Recognition and measurement</b>
Convertible note reserve	Convertible note reserve represents the equity component of a convertible note agreement. The convertible note agreement was extinguished and not converted.
Share based payments	Share based payments accounts represent the accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised. Once exercised, the difference between the accumulated fair value of the awards and their historical on-market purchase price is recognised in share premium.
Warrant reserve	Warrant reserve represents the accrued amount of agent's compensation option units. Once exercised, the amount accrued is recognised in share premium.
Other reserves	Other reserves represent the debt settlement transactions and the carrying nominal value of the cancelled shares that was eliminated from share capital.
Accumulated other comprehensive loss	Accumulated other comprehensive loss represents exchange difference arising from the translation of non-US dollar functional currency operations within the Group into US dollars.
Deficit	Deficit represents cumulative profits or losses and other adjustments

## 15 Non-current Assets

The movements in financial fixed assets were as follows:

	Company \$
Balance as at January 1, 2022	18,040,668
Capital contributions	6,338,807
Balance as at December 31, 2022	24,379,475
Balance as at January 1, 2023	24,379,475
Capital contributions	4,313,194
Balance as at December 31, 2023	28,692,669

## 16 Related party disclosures

### Transactions with intergroup entities

	Intercompany loans receivable (payable)	
	2023	2022
	\$	\$
Receivable		
Meridian Mineração Jaburi S.A.	11,629,140	6,832,639
	11,629,140	6,832,639
Payable		
Cancana Resources Corp.	(793,245)	(793,478)
	(793,245)	(793,478)

### Group's key management compensation

Key management personnel transactions for the year ended December 31, 2023, included compensation paid to the Company's directors (Ms. Susanne Sesselmann, Messrs. John Skinner, Douglas Ford, Charles Riopel, Mark Thompson (both Messrs. Riopel and Thompson decided not to stand for re-election at the Annual General Meeting on June 28, 2023)), as well as the Company's Chief Executive Officer ("CEO") and Director (Mr. Gilbert Clark – ceased to be Executive Chairman effective June 26, 2023 and was appointed CEO effective September 5, 2023), President and Director (Dr. Adrian McArthur – ceased to be CEO and was re-appointed President effective September 5, 2023), Chief Financial Officer (Ms. Soraia Morais), Senior Vice-President – Strategy and Projects (Mr. Martin McFarlane - ceased to be President effective September 5, 2023), Vice-President of Corporate Development (Mr. James McLucas) and Administrators and Statutory Directors of the Brazilian subsidiaries (Messrs. Joel Brandão, Afonso Figueiredo, Suhail Arap Filho).

	2023	2022
	\$	\$
Salaries, consulting and directors' fees	1,358,401	994,918
Share-based payments	1,154,720	-
	2,513,121	994,918

### Group's other related party transactions

As at December 31, 2023 the Group had the following balances due to/from entities related by way of common directors and/or management. These amounts, unless otherwise noted, were unsecured and non-interest bearing.

	December 31, 2023	December 31, 2022
	\$	\$
Other liabilities - management and board fees	54,035	192,084

## 17 Commitments and Contingencies

A significant portion of the Group's operations are located in Brazil. From time to time various legal, labour, environmental and tax matters are outstanding due to the nature of both current and historical operations. The Group has taken and continues to take all necessary and available steps to comply with relevant laws and regulations, however there is no assurance such steps will be successful.

## 18 Capital Management

The capital structure of the Group consists of equity totalling \$15,019,001 (2022 – \$11,623,413). The Group's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Group manages the capital structure and makes adjustments as a result of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Group's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Group is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

## 19 Risk Management and financial instruments

### Financial instruments

The Group is required to disclose the fair value of each class of financial assets and liabilities in the financial statements. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

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

The carrying value of cash and accounts payable approximate fair value due to the short-term nature of the financial instruments. Warrant liability was measured at fair value based on Level 2 inputs.

The principal financial instruments by category are as follows:

### Group financial assets and liabilities

	Fair Value through profit and loss		Amortized Costs	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and Cash equivalents	-	-	7,095,927	6,174,891
Trade and other receivables	-	-	-	-
Total financial assets	-	-	7,095,927	6,174,891
<b>Financial liabilities</b>				
Trade and other payables	-	-	1,854,349	2,868,177
Warrant liability	-	-	-	-
Loans payable	-	-	-	-
Total financial liabilities	-	-	1,854,349	2,868,177

Company financial assets and liabilities

	Fair Value through profit and loss		Amortized Costs	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash at bank and on hand	-	-	7,011,475	6,110,169
Intercompany loans	-	-	11,629,140	6,832,639
<b>Total financial assets</b>	-	-	<b>18,640,615</b>	<b>12,942,808</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	244,351	465,866
Warrant liability	-	-	-	-
Intercompany loans	-	-	793,245	793,478
<b>Total financial liabilities</b>	-	-	<b>1,037,596</b>	<b>1,259,344</b>

**Risk management**

The Group is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include, credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

*Credit risk*

Financial instruments that potentially subject the Group to credit risk consist of cash. The Group deposits cash with high credit quality financial institutions as determined by rating agencies.

*Currency risk*

The international nature of the Group's operations results in foreign exchange risk. The Group's operating costs are primarily in US dollars, Canadian dollars, Brazilian reals, and Euro. Hence, any fluctuation of the US dollar in relation to these currencies may affect the profitability of the Group and the value of the Group's assets and liabilities.

The Group is exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the functional currency of the applicable company:

As at December 31, 2023	US dollar	Canadian dollar
Cash	\$ 1,819	\$ 6,156,849
<b>Total Assets</b>	<b>1,819</b>	<b>6,156,849</b>
Accounts payable and accrued liabilities	(676,465)	-
<b>Net Assets</b>	<b>\$ (674,646)</b>	<b>\$ 6,156,849</b>
<hr/>		
As at December 31, 2022	US dollar	Canadian dollar
Cash	\$ 4,891	\$ 6,065,624
<b>Total Assets</b>	<b>4,891</b>	<b>6,065,624</b>
Accounts payable and accrued liabilities	(1,750,000)	-
<b>Net Assets</b>	<b>\$ (1,745,109)</b>	<b>\$ 6,065,624</b>

As at December 31, 2023, fluctuations of +/- 10% in the US dollar, relative to those foreign currencies, would impact the Group's consolidated income for the year ended December 31, 2023 by approximately \$614,968. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by approximately \$615,685, \$61,497 and \$614,968, respectively, as at December 31, 2023.

The Group does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange.

During the year ended December 31, 2023, the Company changed the presentation of the table above and confirms that this is not related to a prior year adjustment.

*Interest rate risk*

The Group's financial assets exposed to interest rate risk consist of cash balances. None of the Group's debt is subject to floating interest rates. The Group does not believe its interest rate risk is significant.

*Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company has historically relied upon equity financings to maintain an adequate level of cash to satisfy its capital requirements and will continue to depend heavily upon equity financings. All of the Group's accounts payable and accrued liabilities are subject to normal trade terms. The Group is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity.

There can be no assurance that the Group will be able to obtain required financing in the future on acceptable terms. The Group will need additional capital in the future to finance ongoing exploration of its properties, such capital is expected to be derived from the completion of equity financings. The Group has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities.

The ability of the Group to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as on exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Group in creating revenue, cash flows or earnings.

As at December 31, 2023, the Group's non-derivative financial liabilities analysis is as follows:

	Less than 1 year	Less than 2 years	2 years or greater	Total
Trade and other payables	\$ 1,854,349	\$ -	\$ -	1,854,349
Provisions	363,330	20,146	-	383,476
Taxes and fees payable	184,647	9,735	-	194,382
	\$ 2,402,326	\$ 29,881	\$ -	2,432,207

The fair value of the Group's loans payable is approximated by the carrying values as the contractual interest rates are comparable to current market interest rates.

**20 Segment information**

The Group operates in one operating segment, being the acquisition, exploration and development of exploration and evaluation properties in Brazil. Accordingly, the chief decision makers consider the Group to currently have one segment and, therefore, segmented information is not presented.

**21 Subsequent events**

On April 9, 2024, the Company closed a bought deal offering through the issuance of 57,500,000 common shares at a price of C\$0.35 per common share for aggregate gross proceeds to the Company of C\$20,125,000. The Company also issued 2,101,628 share purchase options (the "Agent Compensation Options"). Each Agent Compensation Options entitles the holder to purchase one Common Share at a price of C\$0.35 per Common Share until April 9, 2026.

On April 29, 2024, the Company granted 600,000 stock options to a consultant of the Company that vested immediately with an exercise price ranging from C\$0.46 per common share for a term of two years.