

COSIGO RESOURCES LTD.  
(the “Company” or “Cosigo”)

Form 51-102F1 – Management Discussion and Analysis  
For the Year Ended December 31, 2020.

This discussion and analysis is prepared as at June 9, 2021 and should be read in conjunction with the audited consolidated financial statements of **Cosigo Resources Ltd.** for the years ended December 31, 2020 and 2019. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis (“MD&A”) are quoted in Canadian dollars. Additional information with respect to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company’s web site at [www.cosigo.com](http://www.cosigo.com)

Management’s discussion and analysis contains forward-looking statements, including statements regarding the business and anticipated financial performance of the company. These statements are not guarantees of the company’s future performance and are subject to risk uncertainties and other important factors, which could cause a corporation’s actual performance to be different from that projected. Given the uncertainties associated with forward-looking information, the reader should not place undue reliance on the forward-looking information.

## **FINANCIAL STATEMENT PRESENTATION AND ACCOUNTING POLICIES**

The annual audited consolidated financial statements of the Company at December 31, 2020 and 2019 are prepared in accordance with International Financial reporting standards on a going concern basis. The going concern basis assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant operating losses and negative cash flows from operations since inception and requires financing to continue operations. The Company will require additional funding to complete its future exploration plans. It is anticipated that these funds will be raised by future equity issuances.

It is uncertain if the Company will be able to continue as a going concern. The Company will need to continue to raise capital to fund its operations which may not be available or may not be available on reasonable terms. The outcome of these matters cannot be predicted at this time. These factors may cast significant doubt as to the ability of the Company to continue as a going concern.

The audited consolidated statements of financial position presented for years ending December 31, 2020 and 2019 and the audited consolidated statements of operations and comprehensive loss, audited consolidated statement of changes in equity and the audited consolidated statements of cash flows for the years then ended include the accounts of the Company and its subsidiaries:

1. Cosigo Resources Prospecção Pesquisa e Extração Mineral Ltda., a 99% owned (by Cosigo Mining Inc.) subsidiary, incorporated on June 6, 2011 under the laws of Brazil. The subsidiary was inactive at December 31, 2020 and December 31, 2019.

2. Cosigo Resources Sucursal Colombia, a 100% owned subsidiary, incorporated on September 4, 2008 under the laws of Colombia. The subsidiary was inactive as at December 31, 2020 and December 31, 2019.
3. Cosigo Frontier Mining Corporation Sucursal Colombia, a 100% owned subsidiary, incorporated on September 20, 2007 under the laws of Colombia.

## **OVERALL PERFORMANCE AND SELECTED ANNUAL INFORMATION**

The principal business of Cosigo Resources Ltd. is the acquisition of interests in mineral applications and in mineral exploration licenses in Colombia and Brazil, South America. The Company has title to an area of approximately 10,000 hectares in the Taraira North, Vaupes Province of Colombia and has focused its efforts on an area referred to as the Machado Project. Exploration has been carried out on the Machado Project including the construction of a thirty-person base camp, mobilization of two leased light-weight reverse circulation percussion drills and completion of a network of access trails. Work has also included 1:10,000 scale geological mapping and a 6,798 sample MMI (Mobile Metal Ions) grid-based soil sampling program. A drill program, totaling 1,168m of drilling in 20 drill holes, was carried out in the summer of 2013. The drill program targeted areas highlighted by MMI sampling and geological mapping and successfully showed that the Machado project is underlain by several zones of strata-bound gold mineralization.

Cosigo Resources Ltd. will continue to test and evaluate areas along the strike of known mineralization and surrounding the areas of known mineralization in the Taraira North area. A key component of this work will be drilling to test known showings and their down-dip extensions.

In addition to the Machado Project the Company has title to the Damian Project.

During the year 2015, the Taraira South CN Project mineral title began process of revocation in 2015 as a new National Park overlapped the property. The possibility of getting the mineral title back is remote.

The Company currently owns 13.26% of the issued common shares of DHK Diamonds Inc., a private company which was formed to own and explore mineral properties in the Northwest Territories, Canada. DHK has entered into a joint exploration program on its properties with a third party who is the operator of the program. The investment in DHK Diamonds Inc. was considered impaired and the cost of the investment was charged to income in a prior year.

The following table sets out selected financial information for the periods indicated and should be considered in conjunction with the more complete information contained in the annual audited consolidated financial statements. All currency amounts are stated in Canadian dollars. Loss for the periods indicated is as follows:

|  | <u>Dec</u>        | <u>Dec</u>        |
|--|-------------------|-------------------|
|  | <b>2020</b>       | <b>2019</b>       |
| <b>INTEREST INCOME</b>                               | 56                | 2,051             |
| <b>EXPENSES</b>                                      |                   |                   |
| Accounting, Audit and Legal                          | 44,941            | 9,564             |
| Exploration and Evaluation Expenditures              | 2,176             | 3,465             |
| Management Fees                                      | 65,014            | 53,977            |
| Office   | 16,397            | 12,479            |
| Telecommunications                                   | 1,511             | 2,630             |
| Travel   | 3,994             | 2,844             |
| <b>Total</b>   | <b>134,033</b>    | <b>84,959</b>     |
| <b>LOSS BEFORE OTHER ITEM</b>                        | <b>(133,977)</b>  | <b>(82,908)</b>   |
|  | -                 | -                 |
| <b>NET LOSS FOR THE YEAR</b>                         | <b>(133,977)</b>  | <b>(82,908)</b>   |
| <b>OTHER COMPREHENSIVE LOSS</b>                      |                   |                   |
| Foreign Currency Translation Gain (Loss)             | 4,293             | (1,434)           |
| <b>NET COMPREHENSIVE LOSS FOR THE YEAR</b>           | <b>(129,684)</b>  | <b>(84,342)</b>   |
| <b>BASIC AND DILUTED LOSS PER SHARE</b>              | <b>(0.002)</b>    | <b>(0.001)</b>    |
| <b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b> | <b>77,630,523</b> | <b>77,630,523</b> |

|                                      | December 31  | December 31  |
|--------------------------------------|--------------|--------------|
|                                      | 2020         | 2019         |
| Total Assets                         | 77,063       | 44,246       |
| Total Liabilities                    | 530,513      | 368,012      |
| Share Capital                        | 12,246,924   | 12,246,924   |
| Share-based Payments Reserve         | 2,724,019    | 2,724,019    |
| Accumulated Other Comprehensive Loss | (722,259)    | (726,552)    |
| Deficit                              | (14,702,134) | (14,568,157) |

## SHARE CAPITAL

The following table summarizes the changes in Common Shares from December 31, 2017 to December 31, 2020:

|                                   | Number of<br>Common<br>Shares | Share<br>Capital<br>\$ | Share-Based<br>Payment<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>Deficiency<br>\$ |
|-----------------------------------|-------------------------------|------------------------|---|---|------------------------------|---------------------------|
| <b>Balance, December 31, 2017</b> | 77,630,523                    | 12,246,924             | 2,724,019                               | (734,449)   | (14,316,365)                 | (79,871)                  |
| Net Loss for the Year             | -                             | -                      | -                                       | -   | (168,884)                    | (168,884)                 |
| Foreign Currency Translation Gain | -                             | -                      | -                                       | 9,331   | -                            | 9,331                     |
| <b>Balance, December 31, 2018</b> | 77,630,523                    | 12,246,924             | 2,724,019                               | (725,118)   | (14,485,249)                 | (239,424)                 |
| Net Loss for the Year             | -                             | -                      | -                                       | -   | (82,908)                     | (82,908)                  |
| Foreign Currency Translation Loss | -                             | -                      | -                                       | (1,434)   | -                            | (1,434)                   |
| <b>Balance, December 31, 2019</b> | 77,630,523                    | 12,246,924             | 2,724,019                               | (726,552)   | (14,568,157)                 | (323,766)                 |
| Net Loss for the Year             | -                             | -                      | -                                       | -   | (133,977)                    | (133,977)                 |
| Foreign Currency Translation Gain | -                             | -                      | -                                       | 4,293   | -                            | 4,293                     |
| <b>Balance, December 31, 2020</b> | 77,630,523                    | 12,246,924             | 2,724,019                               | (722,259)   | (14,702,134)                 | (453,450)                 |

There were no share purchase warrants outstanding as at December 31, 2020 and 2019.

The following table summarizes the Stock Options outstanding and their exercise prices as at December 31, 2020 and 2019:

| Number of Options    | Exercise Price     | Expiry Date      |
|----------------------|--------------------|------------------|
| 1,120,000            | \$ 0.50            | April 10, 2022   |
| 75,000               | \$ 0.50            | August 16, 2023  |
| 100,000              | \$ 0.50            | December 2, 2023 |
| 350,000              | \$ 0.50            | December 9, 2023 |
| 1,645,000            | As at Dec 31, 2019 |                  |
| No issued or expired |                    |                  |
| 1,645,000            | As at Dec 31, 2020 |                  |

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions and balances were measured at exchange amounts which represent the amounts established and agreed to by the related parties:

- a) Related party transaction balances were as follows:

|   | 2020   | 2019   |
|---|--------|--------|
|   | \$     | \$     |
| Due to a company with a common director | 24,182 | 13,969 |

- b) Transaction with key management personnel.

The Company incurred management and administration fees for services provided by a company with common directors for the years ended December 31, 2020 and 2019, as follows:

|  | 2020   | 2019   |
|--|--------|--------|
|  | \$     | \$     |
|  | 32,065 | 28,371 |

## LOANS

As at December 31, 2020, the Company owes \$100,570 (2019-\$100,570) to a company controlled by a former director, \$10,500 (2019 - \$10,500) to a former director and \$319,924 (2019-\$185,296) to various shareholders all for funds advanced to the Company. The amounts owing are unsecured, bear no interest, and are payable on demand.

## SUBSEQUENT EVENT

- a) As at January 22, 2021 the company was granted a partial lift of its Cease Trade Order and will be permitted to convert a specified list of these loans to shares and warrants.
- b) The outbreak of the COVID-19 virus and the worldwide pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected and are difficult to quantify. Regional disease outbreaks and pandemics represent a serious threat to hiring and maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and pandemics and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs and insurance premiums as a result of these health risks.

In addition, the pandemic has created a dramatic slowdown in the global economy. The duration of the outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity thereby severely limiting access to essential capital.

## OTHER INFORMATION

Additional information on the Company is available at the Company's website [www.cosigo.com](http://www.cosigo.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

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| Head Office:<br>PO Box 31029<br>Victoria, BC<br>V8N 6J3 Canada                                     | Auditor:<br>WDM Chartered Professional Accountants<br>Suite 420, 1501 West Broadway<br>Vancouver, B.C. V6J 4Z6 Canada |
| Directors:<br>Andy Rendle *<br>Robert E. Collawn *<br>Hector Cuevas *<br>(*Audit Committee Member) | Transfer Agent:<br>Alliance<br>#1010, 407 - 2nd Street S.W.<br>Calgary, Alberta T2P 2Y3                               |