

COSIGO RESOURCES LTD.

December 31, 2022 and 2021

Consolidated Financial Statements

(Expressed in Canadian Dollars)

- Independent Auditor's Report
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- Consolidated Statements of Changes in Shareholders' Deficiency
- Consolidated Statements of Comprehensive Loss
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Independent Auditor's Report

To the Shareholders of:
COSIGO RESOURCES LTD.

SERVICE

Opinion

We have audited the consolidated financial statements of Cosigo Resources Ltd. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of changes in shareholders' deficiency, comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

INTEGRITY

TRUST

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$128,842 during the year ended December 31, 2022, and as of that date, had accumulated losses since inception of \$14,927,043. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

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. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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.



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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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



WDM

Chartered Professional Accountants

Vancouver, B.C.

April 26, 2023

COSIGO RESOURCES LTD.

Consolidated Statements of Financial Position

As at December 31, 2022 and 2021

(Expressed in Canadian Dollars)

	Note	2022 \$	2021 \$
ASSETS			
CURRENT			
Cash		9,866	17,837
Tax Recoverable		-	10,419
		9,866	28,256
NON-CURRENT			
Exploration and Evaluation Assets	4	-	-
		9,866	28,256
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		74,776	79,020
Loans Payable	5	132,704	134,172
Due to Related Parties	6	72,880	61,061
		280,360	274,253
SHAREHOLDERS' DEFICIENCY			
Share Capital	7	12,539,023	12,539,023
Share Subscriptions Received in Advance		101,955	-
Share-based Payment Reserve		2,724,019	2,724,019
Foreign Currency Translation Reserve		(708,448)	(710,838)
Deficit		(14,927,043)	(14,798,201)
		(270,494)	(245,997)
		9,866	28,256

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Subsequent Event (Note 11)

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

Approved on behalf of the Board:

“Hector Mario Cuevas”

Hector Mario Cuevas, Director

“Andres Rendle”

Andres (“Andy”) Rendle, Director

COSIGO RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' Deficiency

For the Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital \$	Share Subscriptions Received in Advance \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Total Shareholders' Deficiency \$
Balance, December 31, 2020	77,630,523	12,246,924	-	2,724,019	(722,259)	(14,702,134)	(453,450)
Share Issued for Debt Settlement	5,841,989	292,099	-	-	-	-	292,099
Net Loss for the Year	-	-	-	-	-	(96,067)	(96,067)
Foreign Currency Translation Gain	-	-	-	-	11,421	-	11,421
Balance, December 31, 2021	83,472,512	12,539,023	-	2,724,019	(710,838)	(14,798,201)	(245,997)
Share Subscriptions Received in Advance	-	-	101,955	-	-	-	101,955
Net Loss for the Year	-	-	-	-	-	(128,842)	(128,842)
Foreign Currency Translation Gain	-	-	-	-	2,390	-	2,390
Balance, December 31, 2022	83,472,512	12,539,023	101,955	2,724,019	(708,448)	(14,927,043)	(270,494)

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

COSIGO RESOURCES LTD.
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	2022 \$	2021 \$
EXPENSES			
Accounting, Audit and Legal		47,408	22,750
Exploration and Evaluation Expenditures	4	3,536	2,074
Management Fees	6	60,455	85,687
Office		14,165	19,400
Telecommunications		282	661
Travel		2,996	1,927
LOSS BEFORE OTHER ITEMS		(128,842)	(132,499)
Interest Income		-	93
Recovery of Colombia Sales Tax Receivable		-	36,339
NET LOSS FOR THE YEAR		(128,842)	(96,067)
OTHER COMPREHENSIVE LOSS			
Foreign Currency Translation Gain		2,390	11,421
NET COMPREHENSIVE LOSS FOR THE YEAR		(126,452)	(84,646)
BASIC AND DILUTED LOSS PER SHARE		(0.002)	(0.001)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		83,472,512	80,351,449

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

COSIGO RESOURCES LTD.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022 \$	2021 \$
CASH PROVIDED FROM (UTILIZED FOR):		
OPERATING ACTIVITIES		
Net Loss for the Year	(128,842)	(96,067)
Change in Non-Cash Working Capital Accounts		
Sales Taxes Recoverable	10,419	10,431
Accounts Payable and Accrued Liabilities	(4,244)	3,683
Loans Payable	(1,468)	(4,723)
Due to Related Parties	11,819	36,879
	<u>(112,316)</u>	<u>(49,797)</u>
FINANCING ACTIVITY		
Share Subscriptions Received in Advance	<u>101,955</u>	-
	<u>101,955</u>	-
DECREASE IN CASH	(10,361)	(49,797)
Effect of Exchange Rate Change on Cash	2,390	11,421
Cash, Beginning of the Year	<u>17,837</u>	<u>56,213</u>
CASH, END OF THE YEAR	<u>9,866</u>	<u>17,837</u>

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

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Cosigo Resources Ltd. (the “Company”) was incorporated on December 21, 1987 in the Province of Alberta and subsequently continued in the province of British Columbia in July 2007, and is engaged in the business of acquisition and exploration of mineral properties. The address of the Company is 3854 Cadboro Bay Road, Victoria, BC, Canada, V8N 4G4.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its mineral properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations, has incurred a net loss of \$128,842 during the year ended December 31, 2022, and has accumulated losses of \$14,927,043 since inception and a working capital deficiency of \$270,494 as at December 31, 2022; accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments at the date of these consolidated financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These audited consolidated financial statements were approved and authorized for issue by the Board of Directors on April 26, 2023.

b) Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. Cost is the fair value of the consideration given in exchange for net assets.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary (collectively, the “Company”). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Consolidation (Continued)

Entity	Country of Incorporation	Holding	Functional Currency
Cosigo Resources Ltd.	Canada	Parent Company	Canadian Dollar
Cosigo Frontier Mining Corporation Sucursal Colombia	Colombia	100%	Colombian Peso
Cosigo Resources Sucursal Colombia	Colombia	100%	Colombian Peso
Cosigo Resources Prospecção Pesquisa e Extração Mineral Ltda.	Brazil	99%	Brazilian Real

d) Foreign Currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency (Note 2(c)) and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rate at the date when fair value was determined.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date and their revenues and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

e) Exploration and Evaluation Assets

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Exploration and Evaluation Assets (Continued)

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

f) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

g) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the earliest of: (i) the date the shares are issued, and (ii) the date the agreement to issue the shares is reached.

h) Stock-Based Compensation

The fair value method of accounting is used for stock-based compensation transactions. Under this method, the cost of stock options and other stock-based compensation is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other stock-based compensation, consideration received on the exercise of these equity instruments is recorded as share capital and the related stock-based compensation reserve is transferred to share capital.

i) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

k) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial Instruments (Continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

l) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

a) Impairment of Non-Current Assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

b) Deferred Tax Assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

a) Machado Mineral License, Taraira North area, Vaupes Province, Colombia

In August 2007, the Company incorporated Cosigo Frontier Mining Corporation ("CFMC") to carry out the joint exploration of the Taraira North mineral properties.

In September 2007 the Colombian government accepted the Company's bid for the Machado Mineral License in the Taraira North area of Colombia, and awarded a mineral rights concession for the bid area. Under the terms of the government contract CFMC paid a fee of approximately \$100,000 (196,000,000 Colombian Pesos) for reports with respect to exploration studies carried out by the Colombian government. CFMC also agreed to pay 1% of production revenue to the Colombian government over and above the 4% royalty payable to the Colombian government on all production revenue from the Machado Mineral License.

The Company completed a preliminary exploratory drilling program in 2014, and as at December 31, 2022, continues the process of obtaining environmental licensing to allow for further exploration of the area to define the importance and extent of known gold-bearing zones and to identify additional areas of interest.

b) CN Mineral License, Taraira South area, Vaupes Province, Colombia

In October 2009, the Company paid government fees and acquired a 100% interest in the CN Mineral License in the Taraira South area of Colombia.

In 2015 however, the mineral title was revoked by the government of Colombia based on the government's claim that the CN mineral project is located within the boundaries of a Colombian National Park. The Company has filed an appeal against the license revocation, and while the appeal process is ongoing, the possibility of the mineral title being reinstated to the Company is uncertain.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Continued)

c) Damian area, Cauca Province, Colombia

The Company paid government fees to acquire a mineral license in the Damian area, province of Cauca, Colombia. As at December 31, 2022, the license remains valid.

NOTE 5 – LOANS PAYABLE

	2022 \$	2021 \$
Loans Payable	132,704	134,172

As at December 31, 2022, the Company owes \$132,704 (2021 - \$134,172) to various shareholders, all for funds advanced to the Company. The amounts owing are unsecured, bear no interest, and are payable on demand.

On July 15, 2021 the Company settled some outstanding loans payable totalling \$292,099 by issuing 5,841,989 common shares with a fair value of \$0.05 per share, and 3,859,719 share purchase warrants exercisable at \$0.06 per share to July 14, 2022.

NOTE 6 – RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Balances

The Company has the following amounts owed to related parties as at December 31, 2022 and 2021:

Due to directors and managers	-	1,500
Due to a company with a common director	72,880	59,561
	72,880	61,061

b) Compensation of Key Management Personnel and Other Related Parties

The Company incurred management and administration fees for services provided by a company with common directors for the years ended December 31, 2022 and 2021, as follows:

Management and administration fees	22,940	59,681
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All related party transactions were in the ordinary course of business and were measured at their exchange amount.

NOTE 7 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited Number of Common Shares, Voting, No Par Value.

Unlimited Number of Preferred Shares, Non-Voting, No Par Value

b) Issued and Outstanding

As at December 31, 2022 there were 83,472,512 (2021 – 83,472,512) common shares issued and outstanding.

On July 15, 2021 the Company settled some outstanding loans payable totalling \$292,099 by issuing 5,841,989 common shares with a fair value of \$0.05 per share, and 3,859,719 share purchase warrants exercisable at \$0.06 per share to July 14, 2022.

There were no shares issued for the year ended December 31, 2022.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (Continued)

c) Share Purchase Warrants

There were nil share purchase warrants outstanding as at December 31, 2022 (2021 – 3,859,719).

As part of the shares for loan payment settlement of July 15, 2021, the Company issued 3,859,719 share purchase warrants. One share purchase warrant entitled the holder to purchase one share of the Company at \$0.06 per share and expired on July 14, 2022. The fair value of these warrants was determined to be NIL.

d) Stock Options

There were no stock options granted during the years ended December 31, 2022 and 2021.

The continuity of stock options for the years ended December 31, 2022 and 2021 is summarized below:

Expiry Date	Exercise Price	December 31, 2021	Issued	Exercised	Expired/ Cancelled	December 31, 2022
April 10, 2022	\$0.50	1,120,000	-	-	(1,120,000)	-
August 16, 2022	\$0.50	75,000	-	-	(75,000)	-
December 2, 2023	\$0.50	100,000	-	-	-	100,000
December 9, 2023	\$0.50	350,000	-	-	-	350,000
Total		1,645,000	-	-	(1,195,000)	450,000

NOTE 8 – INCOME TAX

a) Income Tax Expense

The income tax expense of the Company is reconciled to the net loss for the year as reported in the consolidated statement of comprehensive loss as follows:

	2022 \$	2021 \$
Net Loss before Income Tax	128,842	96,067
Recovery of Income Tax Calculated at the Statutory Rate of 29.82% (2021 – 27%)	(37,834)	(26,300)
Effect of Change in Tax Rate	(9,786)	2,300
Deferred Tax Assets Not Recognized	47,620	24,000
Income Tax Expense	-	-

b) Deferred Tax Assets and Liabilities

Deferred tax assets have not been recognized with respect to the following items:

Capital Assets	22,000	22,000
Exploration and Evaluation Assets	1,571,000	1,571,000
Non-Capital Losses Carried Forward	2,370,000	2,343,000
Valuation Allowance	(3,963,000)	(3,936,000)
Net Deferred Tax Assets Not Recognized	-	-

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTE 8 – INCOME TAX (Continued)

b) Deferred Tax Assets and Liabilities (Continued)

As at December 31, 2022, the Company has non-capital losses of approximately \$8,637,000 which may be applied to reduce future taxable income. The non-capital losses expire as follows:

	\$
2026	53,000
2027	251,000
2028	772,000
2029	1,290,000
2030	1,456,000
2031 to 2042	<u>4,815,000</u>
	<u>8,637,000</u>

As at December 31, 2022, The Company has cumulative resource pools of \$9,152,200 which can be carried forward indefinitely to offset future taxable income.

NOTE 9 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at December 31, 2022, was \$12,539,023 (2021 - \$12,539,023). The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide return for shareholders and benefits for other stakeholders; and
- ii) to ensure the entity has the capital and capacity to support a long-term growth strategy.

The Company's capital structure reflects the requirements of a company focused on significant growth in a capital-intensive industry. The Company faces lengthy development lead times, as well as risks associated with rising capital costs and timing of project completion because of the availability of resources, permits and other factors beyond the Company's control. The Company's operations are also affected by potentially significant volatility of the metals and materials cycles.

Management continually assesses the adequacy of the Company's capital structure and makes adjustments within the context of its strategy, the base metal mining industry, economic conditions, and the risk characteristics of the Company's assets. To adjust or maintain its capital structure, the Company may enter into new credit facilities or issue new shares.

The Company has several key policy guidelines for managing its capital structure:

- i) maintain a liquidity cushion that allows the Company to address operational and/or industry disruptions or downturns;
- ii) ensure the Company has enough funding to complete its development programs at or around the time a definitive decision is made to move forward with a project; and
- iii) maintain a conservative level of debt relative to total capital and earnings within the context of financial forecasts for pricing, costs and production.

The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

COSIGO RESOURCES LTD.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

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NOTE 10 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 2(l). The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a working capital deficiency of \$270,494 as at December 31, 2022. The Company is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management considers that risk related to interest is not significant to the Company at this time as the Company has limited short term investments. Amounts owed to related parties are non-interest bearing.

c) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. The Company is not exposed to credit risk.

d) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Colombia, and Brazil and as a result, a portion of the Company's expenditures are in Colombian Pesos and Brazilian Reals. The risk from a significant change in the exchange rate of the Canadian dollar relative to the foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. However, management believes that the Company's foreign currency exchange risk is not significant at this time. The Company has not hedged its exposure to currency fluctuations.

NOTE 11 – SUBSEQUENT EVENT

The Company announced a private placement on March 3, 2023 for 10,000,000 units at \$0.05 per unit for proceeds of \$500,000, with a full warrant priced at CDN\$0.06. Each warrant will entitle the holder to purchase an additional common share at a price of CDN\$0.06 for a period of 12 months from the date of closing of the private placement. On April 21, 2023, the Company announced that the private placement was fully subscribed. The proceeds will be used for prospecting, mapping, and sampling on the Company's mineral properties, and for working capital purposes.