

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

Form 51-102F1 – Management Discussion and Analysis  
For the Year Ended December 31, 2023

This Management Discussion & Analysis (“MD&A”) has been prepared by management and reviewed and approved by the Board of Directors on April 23, 2024. It should be read in conjunction with the audited consolidated Financial Statements of the Company for the years ended December 31, 2023 and 2022. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and all amounts are reported in Canadian dollars, unless otherwise indicated. 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)

## **FORWARD-LOOKING INFORMATION AND OTHER ADVISORIES**

Certain statements contained in the MD&A constitute forward-looking statements and forward-looking information (collectively, “forward-looking statements”). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “budget”, “scheduled”, “aims”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “will likely result”, “are expected to”, “will continue”, “is anticipated”, “believes”, “estimated”, “intends”, “plans”, “projection”, “outlook” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct, and the forward-looking statements included in this MD&A should not be unduly relied upon by investors.

Forward looking statements in the MD&A include, among other things, statements regarding drilling programs, geological mapping and capital raises.

These forward-looking statements and information reflect Cosigo’s current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by Cosigo, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include the expected results of proposed drilling programs our mineral resource estimates and the assumptions upon which they are based, including geotechnical and metallurgical characteristics of rock confirming to sampled results. The ability to comply with environmental, health and safety laws and the absence of any material adverse effects arising because of political instability, natural disasters, public health concerns, equipment failures or adverse changes in government legislation or the socio-economic conditions in Colombia and Brazil and the surrounding area with respect to the Company’s projects. The foregoing list of assumptions is not exhaustive.

Cosigo cautions the reader that forward looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward looking statements or information contained in this presentation and Cosigo has made assumptions and estimates based on or related to many of these factors. Such risk factors include, without limitation, the

existence of mineral resources and mineral reserves on Cosigo's mineral interests, the Company's ability to obtain adequate funding for exploration and geological mapping and Cosigo's ability to carry out operations in accordance with plans in the face of significant disruptions.

Although Cosigo has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended.

Investors are cautioned against undue reliance on forward looking statements or information. These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, Cosigo does not assume any obligation to update or revise them to reflect new events or circumstances except as required by law.

## **THE COMPANY**

Cosigo Resources Ltd. was incorporated on December 21, 1987 in the Province of Alberta and was subsequently continued in the Province of British Columbia in July 2007 and is engaged in the business of acquisition and exploration of mineral properties.

## **BUSINESS OVERVIEW**

The principal business of Cosigo 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. The Company carried out a drill equipment test program in the spring of 2023 and is awaiting lab results from certain geological samples recently sent in from this test.

Cosigo will begin 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.

## SELECTED ANNUAL INFORMATION

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.

	For the Year Ended		
	2023	2022	2021
Net comprehensive loss	\$ (395,643)	\$ (126,452)	\$ (84,646)
Total assets	222,798	9,866	28,256
Total current liabilities	351,432	280,360	274,253
Working capital deficit	(128,634)	(270,494)	(245,997)

The Company did not pay out any dividends for the three years. The expenses for all three years were mainly for administrative and professional services. The loss of \$395,643 in 2023 (2022 - loss of \$126,452) was mainly made up of drilling and drilling related expenses, professional and management fees and stock compensation expense. In 2023, the Company received a refund of \$55,910 from the Colombian Government relating to royalty fees.

## SUMMARY OF QUARTERLY RESULTS

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Net comprehensive loss	(174,616)	(67,701)	(104,262)	(49,064)	(37,116)	(19,433)	(28,504)	(41,399)

The loss of \$174,616 in Q4 of 2023 was mainly due to management and administrative fees and stock compensation expenses which were consistent with the other 2023 Quarterly results of the Company. Drilling and drilling related expenses were reflected in the Q2 2023 results.

## LIQUIDITY AND CAPITAL RESOURCES

Cosigo had a working capital deficit of \$128,634 as at December 31, 2023 (2022 – deficit of \$270,494). The Company does not have any revenues and relies solely on outside funding for its continued financial liquidity.

The Company's 2023 Private Placement for 10,000,000 shares at \$0.05 per share for proceeds of \$500,000 was fully subscribed. The proceeds were mainly used for the Company's 2023 drilling program in the Taraira property, for prospecting at the Willow Creek Nevada property and for working capital purposes.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required to pursue the Company's current business plans and an inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

The Company has no capital commitments as of December 31, 2023.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions and balances were in the ordinary course of business and were measured at their exchange amount. The amounts are unsecured, interest-free and have no repayment date. There is no contractual commitment to procure these services in the future.

- a) As at December 31, 2023, \$52,034 (December 31, 2022 - \$72,880) was owing to EmeraldStone Mining & Marketing Inc. ("EmeraldStone"), a company which is controlled by Andres Rendle, a common director for services provided to the Company over past multiple years. During the three months ended December 31, 2023, \$5,895 (three months ended December 31, 2022 - \$5,840) of management and administrative fees from EmeraldStone were incurred by the Company. During the year ended December 31, 2023 \$23,940 (year ended December 31, 2022 - \$22,940) of management and administrative fees from EmeraldStone were incurred by the Company.

- b) Compensation of Key Management Personnel:

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Management and administration fees	\$ 138,190	\$ 5,840	\$ 179,980	\$ 22,940

## OUTSTANDING SHARE DATA

As the date of this MD&A, 93,472,512 common shares were outstanding.

## CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates are reviewed by management on a regular basis. Changes in these judgements and estimates due to the emergence of new information and changes in circumstances may result in actual results or changes to estimates that could have a material impact on the Company's financial results and financial condition. The Company's use of estimates and judgements in preparing the annual consolidated financial statements is disclosed in Note 3 in the consolidated financial statements for the year ended December 31, 2023.

## CONTROL ENVIRONMENT

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Company has not made any assessment as to the effectiveness of its internal controls. Though the Company intends to put into place a system of internal controls appropriate

for its size, and reflective of its level of operations, there are limited internal controls currently in place.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (“**NI 52-109**”), the Company's certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”), as defined in NI 52-109. In particular, the certifying officers of the Company will not be required to make any representations that they have:

- (a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Readers should be aware that inherent limitations on the ability to certify officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

## **RISK FACTORS**

### **Additional Capital**

The Company plans to continue its focus on exploration and mapping of its properties. The Company will require additional financing to carry out these activities. Further exploration and mapping are dependent upon its ability to obtain financing through equity or debt, and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and mapping of the Company's projects.

### **Financing Risks**

There are no assurances that additional funding will be available to the Company for further exploration and mapping of its projects. Further development will be dependent upon its ability to obtain financing through equity or debt and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration, development, and production of the Company's projects.

## **Government Regulation**

The Company's exploration programs are subject to government legislation, policies and controls relating to prospecting, environmental protection, taxes and labour standards. In order for the Company to carry out its activities, its various licenses and permits must be obtained and kept current. There is no guarantee that the Company's licenses and permits will be granted, or that once granted will be extended. In addition, the terms and conditions of such licenses or permits could be changed and there can be no assurances that any application to renew any existing licenses will be approved. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company. The Company will also have to obtain and comply with permits and licenses that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions. Future taxation of mining operators cannot be predicted with certainty so planning must be undertaken using present conditions and best estimates of any potential future changes.

Decree 044 was issued by the Colombian Government in early 2024. The Decree proposes a process in which the Colombian Government can establish "nature reserves" on areas which could affect existing mining and oil and gas properties. The Decree requires final parliamentary members approval however it is being challenged in the Colombia Court system by a Congressional group of a large mining area in the north of the country, and by numerous mining, legal and professional associations.

## **Exploration Risks**

The Company is focused primarily on the continued exploration and mapping of potential mineral resources its properties. There is no assurance that any of the Company's discovered or acquired projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. The exploration, development, and processing of deposits involves a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. Major expenses may be required to continue establishing reserves by drilling and constructing mining and processing facilities at a particular site. The profitability of the Company's operations is, in part, directly related to the cost and success of its exploration program, which may be affected by a number of factors. Substantial expenditures may be required to capitalize upon any discovered and mapped reserves that are sufficient to support the commercial mining operations and the construction of new processing facilities on those properties that are actually developed.

## **Imprecision in Mineral Reserve and Mineral Resource Estimates**

There is a degree of uncertainty attributable to the estimation of mineral reserves and mineral resources. Until mineral reserves or mineral resources are actually mined and processed, the quantity and grade of mineral resources and mineral reserves must be considered as estimates only and no assurances can be given that the estimated levels of metals will be produced or that we will receive the price assumed in determining our mineral reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral reserve and mineral resource estimates

are imprecise and depend, to a certain extent, upon analysis of drilling results and interpretations that may ultimately prove unreliable.

Furthermore, fluctuations in the market price of metals, as well as increased capital or production costs or reduced recovery rates may render mineral reserves uneconomic and may ultimately result in a reduction of mineral reserves. The extent to which resources may ultimately be reclassified as proven or probable mineral reserves is dependent upon the demonstration of their profitable recovery. The evaluation of mineral reserves or mineral resources is always influenced by economic and technological factors, which may change over time. No assurances can be given that any resource estimate will ultimately be reclassified as proven or probable mineral reserves or that mineralization can be mined or processed profitably. If the Company's mineral reserve or mineral resource figures are inaccurate, this could have an adverse impact on future cash flows, earnings, results of operations, and financial condition.

### **Global Financial Conditions**

Recent global financial conditions have been characterized by increased volatility and access to public financing, particularly for junior mineral companies, which have been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. If such volatile conditions continue, the Company's operations could be negatively impacted.

### **Commodity Markets**

The price of the Company's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious and base metals and, in particular, the price of gold. Precious metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors continue to adversely affect the price of gold, the market price of the Company's securities may decline.

### **Market Fluctuation and Commercial Quantities**

The market for gold, generally, is influenced by many factors beyond the Company's control, including without limitation the supply and demand for it. In addition, the precious metals industry in general is intensely competitive and there is no assurance that, even if apparently commercial quantities and qualities of precious metals (such as gold) are discovered, a market will exist for their profitable sale. Commercial viability of precious and base metals and other deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of processing, proximity to infrastructure, the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, and environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial

viability such that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital or having its projects be rendered uneconomic.

### **Currency Rate Risk**

The Company may be subject to currency risks. The Company's reporting currency is the Canadian dollar, which is exposed to fluctuations against other currencies. The Company's primary operations are located in Colombia. Should the Company expand its operations into additional countries its expenditures and obligations may be incurred in foreign currencies. As such, the Company's results of operations may become subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

### **Market for the Common Shares**

There can be no assurance that an active market for the Common Shares will develop or be sustained. If an active public market for the Common Shares does not develop, the liquidity of a purchaser's investment may be limited, and the share price may decline.

### **Market Price of the Common Shares and Share Price Volatility**

The market price for the Common Shares cannot be assured. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The trading price of the Common Shares may be subject to large fluctuations. For the same reason, the value of any of the Company's securities convertible into, or exchangeable for, Common Shares may also fluctuate significantly, which may result in losses to investors. The price of the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. Factors that may contribute to volatility in the securities of the Company include macroeconomic developments globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in mineral prices or in its financial condition or results of operations.

Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following: lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted from the exchange on which they trade, further reducing market liquidity. The market price for the Common Shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Common Shares.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such

litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm the Company and its financial position.

### **Dividend Policy**

Investors in the Company's securities cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is unlikely that investors will receive any return on their investment in the Company's securities other than through possible share price appreciation.

### **Risk of Litigation**

The Company may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the ability of the Company to carry out its business plan.

### **Internal Controls**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Company has a very limited history of operations and has not made any assessment as to the effectiveness of its internal controls. Though the Company intends to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, there are limited internal controls currently in place.

In contrast to the certificate required for non-venture issuers under NI 52-109, the Company's certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers of the Company will not be required to make any representations that they have:

- (c) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (d) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known precisely when the Company will require external financing in future periods.

## 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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