



Unaudited Condensed Interim Financial Statements of

COSA RESOURCES CORP.

For the three and six month period ended April 30, 2022

COSA RESOURCES CORP
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	Note	April 30, 2022	October 31, 2021
ASSETS			
Current			
Cash		\$ 2,383,713	\$ 276,036
Accounts receivable		21,263	-
		2,404,976	276,036
Non-Current			
Exploration and evaluation asset	5	20,000	20,000
TOTAL ASSETS		\$ 2,424,976	\$ 296,036
LIABILITIES			
Current			
Accounts payable		\$ 96,322	\$ 15,000
Flow through premium liability	7	171,429	-
TOTAL LIABILITIES		267,751	15,000
EQUITY			
Share capital	6	2,626,240	415,500
Reserves	6	158,256	-
Accumulated deficit		(627,271)	(134,464)
TOTAL EQUITY		2,157,225	281,036
TOTAL LIABILITIES AND EQUITY		\$ 2,424,976	\$ 296,036

Nature of operations and going concern (Note 2)
Subsequent event (Note 12)

These interim financial statements were authorized for issue by the Board of Directors on June 6, 2022

“Wesley Short”
Director

“Janine Richardson”
Director

COSA RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Note	For the three months ended April 30, 2022	For the three months ended April 30, 2021	For the six months ended April 30, 2022	Period from incorporation on November 16, 2020 to April 30, 2021
Operating costs					
Exploration & evaluation expenses	5	\$ 232,691	\$ -	\$ 240,422	\$ -
Management fees		13,163	-	13,163	-
Office and administrative		11,035	-	26,940	-
Professional and consultant fees		17,144	-	49,616	-
Public company costs		30,177	-	30,177	-
Share-based compensation	6	132,489	-	132,489	-
Loss and comprehensive loss for the period		\$ (436,699)	\$ -	\$ (492,807)	\$ -
Loss per common share – basic and diluted		\$ (0.02)	\$ -	\$ (0.03)	\$ -
Weighted average number of common shares outstanding – basic and diluted		19,680,881	7,792,697	18,369,052	5,848,343

The accompanying notes are an integral part of the condensed interim financial statements

COSA RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Number of common shares	Share capital	Reserves	Accumulated deficit	Total
		\$ -	\$ -	\$ -	\$ -
Shares issued for cash (Note 6a and 6b)	11,150,000	148,000	-	-	148,000
Shares issued for option agreement (Note 6c and 5)	1,000,000	20,000	-	-	20,000
Balance as at April 30, 2021	12,150,000	\$ 168,000	\$ -	\$ -	\$ 168,000
Balance, November 1, 2021	17,100,000	\$ 415,500	\$ -	\$ (134,464)	\$ 281,036
Initial public offering (Note 6f)	3,900,000	585,000	-	-	585,000
Share issuance costs (Note 6f)	66,666	(144,579)	-	-	(144,579)
Share issuance costs – agents warrants (Note 6f)	-	(17,035)	17,035	-	-
Exercise of warrants (Note 6)	32,500	6,825	(1,950)	-	4,875
Shares issued for cash (Note 6g)	5,600,000	1,400,000	-	-	1,400,000
Flow through shares issued for cash	1,714,285	600,000	-	-	600,000
Flow through premium liability (Note 6f and 7)	-	(171,429)	-	-	(171,429)
Share issuance costs (Note 6g)	-	(37,360)	-	-	(37,360)
Share issuance costs – agents' warrants (Note 6g)	-	(10,682)	10,682	-	-
Share-based compensation (Note 6)	-	-	132,489	-	132,489
Loss for the period	-	-	-	(492,807)	(492,807)
Balance as at April 30, 2022	28,413,451	\$ 2,626,240	\$ 158,256	\$ (627,271)	\$ 2,157,225

The accompanying notes are an integral part of the condensed interim financial statements

COSA RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended April 30, 2022	For the period from incorporation on November 16, 2020 to April 30, 2021
Cash flows from (used in) operating activities		
Loss for the period	\$ (492,607)	\$ -
Items not involving cash:		
Share-based compensation	132,489	-
Changes in non-cash working capital		
Accounts receivable	(21,263)	-
Accounts payable	81,322	-
	\$ (300,259)	\$ -
Cash flows from (used in) financing activities		
Shares issued for cash	\$ 2,585,000	\$ 168,000
Shares issued pursuant to warrant exercise	4,875	-
Share issuance costs	(181,939)	-
	\$ 2,407,936	\$ 168,000
Change in cash	\$ 2,107,677	\$ 168,000
Cash, beginning of period	276,036	-
Cash, end of period	\$ 2,383,713	\$ 168,000

Supplemental disclosure with respect to cash flows	April 30, 2022	April 30, 2021
Income taxes paid	\$ -	-
Interest paid	-	-
Non-cash transactions		
Agents' warrants issued	27,717	-
Reallocation of reserves on warrant exercise	1,950	-
Flow through premium liability	171,429	-
Shares issued for mineral property option payment	-	20,000
Deferred transaction costs expensed as share issuance costs	25,500	-

The accompanying notes are an integral part of the condensed interim financial statements

COSA RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE THREE AND SIX MONTH PERIOD ENDED APRIL 30, 2022

1. REPORTING ENTITY

Cosa Resources Corp. (the “**Company**” or “**Cosa**”) was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on November 16, 2020. The Company’s head office is located at 1295 Richards Street, Suite 801, Vancouver, British Columbia, Canada V6B 1B7. The Company’s registered office is located at 353 Water Street, Suite 401, Vancouver, British Columbia, Canada V6B 1B8. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “COSA”.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company’s principal business activities include the acquisition and exploration of mineral property assets. The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

In April 2021, the Company entered into an option agreement with private vendors pursuant to which the Company has the exclusive option to acquire a 100% interest in the Heron copper project in Northern Saskatchewan, Canada. In March 2022, the Company completed its initial public offering (“IPO”) whereby the Company commenced trading on the CSE on March 21, 2022 (Note 6).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2022, the Company has not yet achieved profitable operations. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate our business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time.

These condensed interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements for the three and six month period ended April 30, 2022 and the comparative period from incorporation on November 16, 2020 to April 30, 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. They do not include all of the information required by International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended and as at October 31, 2021.

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(Expressed in Canadian Dollars)
(Unaudited)
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3. BASIS OF PRESENTATION (continued)

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these financial statements are references to Canadian dollar amounts (“\$”), unless otherwise noted. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty and judgement considered by management in preparing the financial statements are set out in Note 3 to the audited financial statements for the period from incorporation on November 20, 2020 to October 31, 2021 and have been consistently followed in preparation of these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the period from incorporation on November 20, 2020 to October 31, 2021 and have been consistently followed in preparation of these condensed interim financial statements.

5. EXPLORATION AND EVALUATION ASSET

In April 2021, the Company entered into an option agreement (the “**Heron Option Agreement**”) with private arm’s length vendors (the “**Heron Vendors**”) pursuant to which the Company has the exclusive option to acquire a 100% interest in the Heron copper project in northern Saskatchewan, Canada (the “**Heron Project**”).

Pursuant to the terms of the Heron Option Agreement, the Company issued 1,000,000 common shares to the Heron Vendors in April 2021 with a fair value of \$20,000, which has been recorded as exploration and evaluation asset, and in addition, the Company has also fulfilled the requirement to incur \$100,000 in exploration expenditures on the project as of October 31, 2021. The option on the Heron Project is exercisable at the Company’s election on or before the 24-month anniversary of entering into the Heron Option Agreement for additional consideration of 1,000,000 common shares of the Company, which was completed subsequent to April 30, 2022 (Note 12).

Upon exercise of the Heron Option Agreement, the Heron Vendors will retain a 2% net smelter return royalty (the “**NSR**”) over the Heron Project. The Company will have the right at any time following the delivery of a feasibility report on the Heron Project to repurchase one half (1%) of the NSR for \$2,000,000 in cash, and the remaining one-half (1%) of the NSR for \$5,000,000 in cash.

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5. EXPLORATION AND EVALUATION ASSET (continued)

Exploration and evaluation expenditures:

	Six months ended April 30, 2022
Consulting fees	\$ 5,166
Geophysical survey	219,252
Geophysical consulting	16,004
Exploration and evaluation expenses	\$ 240,422

6. SHARE CAPITAL

Authorized Capital - Unlimited number of common shares with no par value.

Issued: For the period from incorporation on November 16, 2020 to October 31, 2021:

- (a) In November 2020, the Company issued 5,000,000 shares to founders at a price of \$0.005 per share for gross proceeds of \$25,000. The incorporation share issued on November 16, 2020 was cancelled on November 19, 2020.
- (b) In March 2021, the Company issued 6,150,000 shares pursuant to a private placement at a price of \$0.02 per share for gross proceeds of \$123,000.
- (c) In April 2021, the Company issued 1,000,000 shares pursuant to the Heron Option Agreement (Note 5) at a price of \$0.02 per share for fair value of \$20,000
- (d) In June 2021, the Company issued 1,750,000 flow-through shares pursuant to a private placement at a price of \$0.07 per share for gross proceeds of \$122,500. The Company allocated \$35,000 as the flow-through premium and recorded this as its flow-through liability. As at October 31, 2021, the Company has incurred all of its obligated flow-through expenditures of \$122,500; accordingly, a pro-rata portion of the flow-through premium liability has been amortized into profit and loss as flow-through income.
- (e) In June 2021, the Company issued 3,200,000 shares pursuant to a private placement at a price of \$0.05 per share for gross proceeds of \$160,000.

For the six months ended April 30, 2022:

- (f) In March 2022, the Company completed its IPO whereby 3,900,000 common shares of the Company were qualified for distribution under the Company's final prospectus at a price of \$0.15 for gross proceeds of \$585,000. Subject to the terms of an agency agreement entered into in connection with the IPO, Haywood Securities Inc. ("Haywood" or the "Agent") received a cash commission of \$40,950, a corporate finance fee of \$25,000 and reimbursement of out-of-pocket expenses, as well as 273,000 compensation warrants to acquire 273,000 shares of the company at a price of \$0.15 for a two year period. Haywood also received 66,666 shares as part of its corporate finance fee with a value of \$10,000.

Total share issuance costs were \$161,614 in connection with this financing, which includes \$17,035 related to 273,000 brokers' warrants which were valued using the Black-Scholes model with a corresponding amount added to the Warrant reserve account in equity.

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6. SHARE CAPITAL (continued)

(g) In April 2022, the Company issued 1,714,285 flow-through shares (“FT Share”) at a price of \$0.35 per FT Share and 5,600,000 common shares (the “Share”) at a price of \$0.25 per Share for gross proceeds of \$2,000,000.

Share issuance costs were \$48,042 in connection with this financing, which includes \$10,682 related to 105,342 brokers’ warrants which were valued using the Black-Scholes model with a corresponding amount added to the Warrant reserve account in equity. 94,200 brokers’ warrants entitle the holder to purchase an additional common share for a period of two years at an exercise price of \$0.25 and 11,142 brokers warrants entitle the holder to purchase an additional common share for a period of two years at an exercise price of \$0.35.

Stock Options

The Company has adopted a stock option plan, subject to regulatory and shareholder approvals, whereby directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding on the dates set forth below are summarized as follows:

	Number of options	Weighted average exercise price per share
Outstanding October 31, 2021	-	\$ -
Granted	2,100,000	\$ 0.33
Outstanding, April 30, 2022	2,100,000	\$ 0.33
Number of options exercisable	700,000	\$ 0.33

As at April 30, 2022, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Vesting	Remaining contractual life (years)	Expiry date
2,100,000	\$0.33	700,000	\$0.33	(i)	4.9	March 30, 2027
(i) 1/3 annually with 1/3 vesting immediately						

The Company uses the Black-Scholes option pricing model to calculate the fair value of granted stock options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. The following weighted average assumptions were used to estimate the grant date fair values for the period ended April 30, 2022:

Expected stock price volatility	75%
Weighted average expected life of options	4 years
Risk free interest rate	1.99%
Expected dividend yield	0.00%
Weighted average exercise price	\$ 0.33
Weighted average fair value per option granted	\$ 0.185

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6. SHARE CAPITAL (continued)

Warrants

As of April 30, 2022, the Company has the following warrants outstanding:

Expiry Date	October 31, 2021	Issued	Exercised	April 30, 2022	Exercise price per warrant
March 18, 2024	-	273,000	(32,500)	240,500	\$0.15
April 22, 2024	-	94,200	-	94,200	\$0.25
April 22, 2024	-	11,142	-	11,142	\$0.35
	-	378,342	(32,500)	345,842	\$0.18

The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants issued for services. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. The following weighted average assumptions were used to estimate the grant date fair values for the period ended March 31, 2022:

Expected stock price volatility	75%
Expected life of warrants	2 years
Risk free interest rate	1.99%
Expected dividend yield	0.00%
Weighted average exercise price	\$ 0.18
Weighted average fair value per warrant issued	\$ 0.07

Share restrictions

Escrowed Shares

In connection with the Company's IPO, 5,375,000 common shares held by management and the Company's Board of Directors were placed into escrow subject to an escrow agreement with the Company's transfer agent, Odyssey Trust Company, whereby the shares will be released as follows:

March 21, 2022	537,500
September 21, 2022	806,250
March 21, 2023	806,250
September 21, 2023	806,250
March 21, 2024	806,250
September 21, 2024	806,250
March 21, 2025	806,250
	5,375,000

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6. SHARE CAPITAL (continued)

Heron Share Payments

In May 2022, the Company exercised its option to acquire a 100% interest in the Heron Copper Project and issued 1,000,000 common shares (the "Option Shares") to complete its remaining obligation under the terms of the agreement. The Option Shares are subject to a 24-month hold period, with 25% being released every three months commencing in August 2023.

Pooling Agreement

Inclusive of the shares held in escrow, a total of 17,100,000 common shares are subject to a voluntary pooling restriction and will be released, no earlier than 12 months after the listing date on March 2023.

7. COMMITMENTS

The Company has raised funds through the issuance of flow-through shares. Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31 of the year after the year in which the shares were issued.

The premium received for a flow-through share, which is the price received for the share in excess of the market price of the share, is recorded as a flow-through share premium liability. This liability is subsequently reduced when the required exploration expenditures are made, on a pro rata basis, and accordingly, a recovery of flow-through premium is then recorded as a reduction in the deferred tax expense to the extent that deferred income tax assets are available.

As of April 30, 2022, the Company is obligated to spend \$600,000 by December 31, 2023 on eligible exploration expenditures.

The flow-through share premium liability for the period ended April 30, 2022, is comprised of:

	2022
Balance, opening	\$ -
Liability incurred on flow-through shares issued	171,429
Balance, closing	\$ 171,429

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel for the period ended April 30, 2022 (April 30, 2021 - \$nil) is summarized as follows:

Six months ended April 30, 2022	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 13,163	\$ 97,790	\$110,953

As of April 30, 2022, \$nil (October 31, 2021– \$nil) was included in accounts payable and accrued liabilities owing to directors and officers.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. The properties in which the Company currently has an interest are in the exploration stage. As such the Company, has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, and accounts payable.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted 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.

The fair values of the Company's cash and accounts payable approximate their carrying value, due to their short-term maturities or liquidity.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure

As at April 30, 2022, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at April 30, 2022, the Company has cash on deposit with a large Canadian bank. Credit risk is concentrated as a significant amount of the Company's cash and cash equivalents is held at one financial institution. Management believes the risk of loss to be remote.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at April 30, 2022, the Company had a working capital balance of \$2,137,225, including cash of \$2,383,713.

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of April 30, 2022.

(ii) Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets, liabilities and operating results. The Company does not have transactions and balances denominated in foreign currencies and therefore is not subject to significant foreign currency risk.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of movements in individual equity prices or general movements in the level of the stock market on the Company's financial performance. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on financial performance and economic value. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors the commodity prices of copper, individual equity movements, and the stock market.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11. SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of exploration properties. All of the Company's non-current assets are located in Canada.

12. SUBSEQUENT EVENT

In May 2022, the Company exercised its option to acquire a 100% interest in the Heron Copper Project (Note 5) and issued 1,000,000 common shares of the Company to complete its remaining obligation under the terms of the agreement.

In May 2022, the Company issued 11,628 shares pursuant to the exercise of warrants at an exercise price of \$0.15 per share.